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In 2 Sections—Section 1

The Commercial and FINANCIAL CHRONICLE

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Volume 161 Number 4370 New York, N. Y., Thursday, March 22, 1945 Price 60 Cents a Copy

Dr. Spahr Attacks the "National Income" Concept

Doctor Walter E. Spahr, Professor of Economics at New York University and Secretary of the Economists' National Committee on Monetary Policy, writing in the March 1 issue of "Monetary Notes" calls attention to the many inconsistencies in the various concepts of "national income" and asserts that "it is high time that writers and speakers and others, who are throwing these terms around so freely and drawing so many unwarranted conclusions from them, stop and take a look at this current species of self delusion or hypnotism."

Dr. Walter E. Spahr

"The type of discussion, now sweeping over this country in respect to these matters," writes Dr. Spahr, "is a phenomenon that calls for more careful scrutiny than it has been receiving. The general lack of understanding of the meaning of 'national income' and the careless manner in which this satistical and economic 'problem child' is being used has reached the level of economic and political quackery.

(Continued on page 1265)

Index of Regular Features on page 1288.

Burgess Defends ABA Views On the Bretton Woods Pacts

Tells House Committee That Objectives of Proposals Are Favored, but Contends That an International Bank Alone, Conducted on Sound Credit Principles, Would Assure Better Success Than Having Both Fund and Bank. Says ABA's Recommendations Are in Interest of Simplification, and Warns That Our International Financial Situation Is Declining Because of War and That American Principles and Interests Should Be Protected. Asserts Contemplated Plans Would Promote Confusion.

W. Randolph Burgess, President of the American Bankers Association and Vice-Chairman of the National City Bank of New York, issued a statement at the hearing before the House Banking and Currency Committee on March 21 in relation to the bill (H. R. 2211) to adopt the Bretton Woods proposals in which he upheld the recommendation in a report of the American Banking Association that the formation of an International Monetary Fund be abandoned, and that a single international banking institution be established that will conduct its operations on sound credit principles. He gave as the chief reasons for the simplification of the Bretton Woods plan that (1) our financial position is declining while other areas have been benefited by our war expenditures and that there is not a widespread need to lend abroad; (2) that the concentration of international lending functions in the Bank is a greater assurance

W. R. Burgess

(Continued on page 1266)

Bretton Woods a Model of International Democratic Action

By JUDGE FRED M. VINSON*

Federal Loan Administrator, American Delegate to the Bretton Woods Conference

Judge Vinson, Asserting That the Bretton Woods Program Is a Common-Sense Way of Dealing With Post-War Economic Problems, Calls for Immediate Approval by Congress to Make Possible Reconstruction and the Expansion of World Trade Warns Against Repetition of Unfair Monetary Practices and Bilateral Agreements of the Pre-War Period, and Says That Work of the Conference Was a Model of Democratic Action. Describes Leading Role Played by U. S. Delegates in Shaping the Plans, and Contends That if We Cannot Agree on These Modest Efforts, Other Nations Will Have Little Faith in Our Will to Cooperate.

Fred M. Vinson

The 44 United Nations that met at Bretton Woods were interested in establishing the means for cooperation in dealing with international economic problems because they believed that the solution of these problems was vital to their own well-being. Every country at the Bretton Woods Conference realized that the effectiveness of its policies to employ its own people depended, to a considerable extent, upon removing the monetary disorders and ob-

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*A statement by Judge Vinson before the House Committee on Banking and Currency, March 16, 1945

(Continued on page 1268)

In Time of War Prepare for Peace

By HON. ALBEN W. BARKLEY*

U. S. Senator from Kentucky

Senate Majority Leader Asserts That Devotion of Our Energies to the Earliest and Most Complete Victory, Should Not Blind Us to the Obligation to Provide an Organization for Peace, and He Urges Whole-Hearted Cooperation for an International Organization, Such as That Already Proposed at Dumbarton Oaks. Says Formula Adopted Will Not Be a Perfect Document, but Warns That Some Organization Endowed With Force Is Required to Prevent Future War and Economic Chaos, and Defends the Voting Procedures, Adopted at Yalta, as Protecting Our Interests "Where Vitally Involved."

For more than a century we have been accustomed to the use of the historical injunction, "In time of peace prepare for war." This is undoubtedly the foundation of a wise foresight and precaution intended to guard us against surprise or impotency in the event of an attack upon our Nation or in the event of the necessity for defending our interests at home or throughout the world.

Sen. Alben Barkley

It seems to me that in the present circumstances which confront the world it would be equally wise to adopt an additional slo-

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*An address by Senator Barkley before the Foreign Policy Association Luncheon at the Waldorf-Astoria, New York City, March 17, 1945.

(Continued on page 1273)

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Both Business and Investor Need the Investment Banker

By C. J. STRIKE*

President and General Manager, Idaho Power Company

Utility Executive Asserts Investment Banking Is Virtually Irreplaceable in Our Economy Since It Is the Connecting Link Between Small Investor and Business in Need of Capital. He Describes the Operations of Investment Banking Firms and Holds That Because of Their Specialized Skill, They Serve Both the Interests of Business Corporations and the Public. Says Idaho Power Company's Experience Has Proved That the Function of Investment Bankers Is "Valuable, Constructive and Cooperative" in Developing a Sound Financial Program.

C. J. Strike

Most of us can comprehend how small business is financed from the savings of individuals. We see the corner grocery man as an entrepreneur, investing his own reserve capital in a venture which succeeds or fails as a result of his own managerial ability.

We can understand how a business of medium size requires an amount of money in excess of the resources of one person or one family, thereby requiring a partnership or corporation in which a number of people will invest.

By the very nature of things it is obvious that certain types of business and industry — railways, large manufacturing concerns, utilities, etc.—must have so large an investment in facilities that their need for capital exceeds the available surplus resources not only of individuals and families, but of the territories in which they are located. To exist, they must attract the investment of funds from hundreds of thousands of people, and this is the essence of American industry and business.

Since cash reserves of individuals have resulted from hard work —from sweat of the brow and from thrift—the investment of savings is inevitably surrounded with skepticism on the part of the investor. This "flightiness" of capital is not a surprising incident. The small investor has confidence in his own business be-

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*Reprinted from "The Idaho Power Company Bulletin," February, 1945.

(Continued on page 1277)

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King Rich, art directors of Albert Frank-Guenther Law, Inc., 131 Cedar Street, New York City, for the past 3½ years, has been elected a Vice-president of the agency, it was announced by Emmett Corrigan, Chairman of the board.

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(Special to THE FINANCIAL CHRONICLE)

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J. H. Riddle, Bankers Trust, Calls Monetary Fund Pump-Priming

In Radio Broadcast, He Contends It Is Wholly Unsuited To the Transition Period. Says Basic Problems Cannot Be Solved by Easy Credits.

J. H. Riddle

Speaking over the Columbia Broadcasting network on March 17, J. H. Riddle, Economic Adviser of the Bankers Trust Company of New York, though advocating the International Bank for Reconstruction and Rehabilitation as "a practical proposal," attacked the International Monetary Fund as "a complex mechanism" which does "not conform to the usual standards of credits," and which, in essence, is merely "a world-wide pump-priming project." He warned that if adopted "we would face an inevitable reaction when credits end and the bubble is pricked."

"The International Bank is a practical proposal and should be adopted," Mr. Riddle began, "but the International Monetary Fund, in my opinion, would not achieve the worthy purposes and objectives set forth. Some machinery for consultation and collaboration in international monetary affairs should be adopted, but this can be provided by the Bank as well as by the Fund. There is no need for the two international institutions.

"The main objection to the Fund relates to the complex credit mechanism proposed and the nature of the credits provided, which do not conform in any way to the usual standards and principles of credits. Rights to credits are based upon quotas which have no relation to the credit needs or the credit-worthiness of the various countries. Those rich in reserves may borrow as well as those poor in reserves, and the Fund's resources would likely be dissipated by granting indiscriminate loans.

"There are no adequate safeguards or assurances that the loans would be used for constructive purposes or that they would be repaid. There would be no maturity dates on the loans and the borrower does not obligate himself to repay in the currency borrowed.

"Instead of removing exchange restrictions, the operations of the Fund would probably require permanent supervision of international transactions. There are elements of permanent control running throughout the plan. It seems to involve an extension of governmental management over foreign exchanges and international transactions.

(Continued on page 1287)

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Another Fishing Expedition

NASD Questionnaire Believed Preliminary to Interpretation Modifying Practices and Compensation of Sales Force. Well Meaning Board Members Misled by Bureaucratic Conferees. Prying Spirit of Domination Tends Towards Collectivism. Increasing Assumption of Power to Regulate Securities Business Endangers Survival of Small Business. Salesmen Stimulate Securites Sales and Their Elimination Is an Injurious Prospect. Brokers and Dealers Being Deprived of Management Rights.

They're at it again! This time, the subject is sales representatives.

The National Association of Securities Dealers sent out a questionnaire.

As of Feb. 28, 1945, all members of the NASD are required to answer the following questions:

"1. State the number of persons, including partners, officers, directors or sole proprietor, engaged in selling securities.

"2. State the number of sales representatives, excluding partners or sole proprietor, who are compensated by straight salary.

"3. State the number of sales representatives, excluding partners or sole proprietor, who are compensated by a salary and commission.

"(a) State the lowest percentage of gross profit allowed any such person.

"(b) State the highest percentage of gross profit allowed any such person.

"4. State the number of sales representatives, excluding partners or sole proprietor, who are compensated by straight commission.

"(a) State the lowest percentage of gross profit allowed any such person.

"(b) State the highest percentage of gross profit allowed any such person."

It seems that the NASD is going the gamut.

To the never ending series of returns and questionnaires, yet another is being added. Yes, something new is being added.

A number of the NASD Governors are known to us, and for them we have a high regard. We would be reluctant to believe there is unanimity amongst the Board members in this new snooping plan. Some of the Board, themselves super salesmen, are attempting to sell a decidedly disappointing and inquisitional bill of goods. Their far seeing confreres should insist that the order be cancelled.

Would that we had some divining rod which would discover for us the purpose and the extent of the pro-

(Continued on page 1265)

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War Production—Past and Future

By WILLIAM L. BATT*

Vice-Chairman, War Production Board
U. S. Deputy Member, Combined Production and Resources Board

WPB Executive Reviews War Output and Expresses Satisfaction With Record. Says There Will Be No 40% Cut-Back When Germany Collapses. Holds Equipment in Europe Is Not Suitable or Useable in Orient and That Immense Additional Supplies Will Be Needed to Defeat Japan. Defends Materials Surpluses as Part of Cost of Victory.

W. L. Batt

Newspapermen have the expression "hot news" to describe something significant but not yet released for publication, and that is what I understand I have for you today. I didn't know it until a newspaperman friend of mine told me; and I must confess that I had little enough to do with originating it. The other day I had luncheon with Paul Leach, who as you probably know, is the distinguished Washington correspondent for the Chicago "Daily News" and the Knight newspapers.

Paul asked me for some cumulative production figures on our war programs. How much war material—tanks, guns, planes, etc., has the United States made since the program began? We jotted down a few notes of things we wanted and the WPB statistical department ran up the figures for us.

I had, of course, to get them cleared for security, and when they were cleared our WPB information section made the com-

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*An address by Mr. Batt before the Rotary Club of New York, Commodore Hotel, New York City, March 1, 1945.

(Continued on page 1280)

The Battle of Bretton Woods

By HERBERT M. BRATTER*

Financial Writer Calls Attention to the Unprecedented Government Publicity Campaign in Favor of Bretton Woods Proposals and Takes Secretary Morgenthau to Task for Impugning the Motives of Bankers' Opposition to the Monetary Fund. Warns Against Appeals to Emotion and Says Bretton Woods Program Was Not Work of 44 Nations, Since a Few Big Governments Dominated Proceedings. Holds Fund and Bank Are Part of a Vaster Plan to Lend Abroad and a Dreamer's Program of Making Jobs, and Asserts That Though for a Few Years It May Give a Semblance of Prosperity, It Will Be Defeated by the Insuperable Obstacle of America's Tariff Policy.

Herbert M. Bratter

Washington has been seeing the opening stages of what history may record as the Battle of Bretton Woods. Never have we had an issue quite like this one, never such an unprecedented Government publicity campaign; lobbying such as to entirely dwarf the gold and silver campaigns of the early 1930's.

The very matters at issue are open evidence of how far we Americans have moved toward statism since the carefree days of the 1920's.

If you are a typical American listening to this broadcast from Washington, you are doubtless all for "international cooperation" of

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*An address by Mr. Bratter over the CBS, March 17, 1945.

(Continued on page 1270)

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How Labor Views Patent Abuses

By MATTHEW WOLL*

Vice-President, American Federation of Labor

Citing Labor's Concern With Our Present Patent System, Mr. Woll Expresses Opposition to Corporations Requiring Employees to Assign Their Inventions to Them as a Condition of Employment. Contends That Under Our Patent Laws Many Inventions Are Not Used or Are Misused and Promote Monopoly. Says Some American Patented Articles Are Produced Abroad and Imported, Thus Injuring American Labor, and That a Growth of Collectivism Will Be Detrimental to Patentees. Urges Patent Laws Be Adjusted and Administered so as to Perpetuate the Free Enterprise System.

Matthew Woll

Until recent years American workers have given little attention to the subject of patents. Lately, however, they have shown an increasing interest in this subject. Presently they are seriously concerned about future possibilities in the realm of world commercial relationships. Exclusive grants of the right to prohibit or exclude others from making, using, or selling an inventor's creation or discovery necessarily are included.

The National Patent Planning Committee, in its report of 1943, stated quite accurately that "the strongest industrial nations have the most effective patent systems."

We may rightfully claim to be the strongest industrial nation in the world. We have become a great industrial nation because of our spirit of free enterprise and our national zest for striving toward new horizons. Those, who, in the early years of the republic pioneered against most difficult odds, toiled principally with their hands.

As a result of this free pioneering spirit, and as a consequence of the desire to lighten the burden of fellow workers and as well to benefit themselves, new devices, productive machinery and industrial and commercial relations were developed laying the foundation upon which was built the greatest nation in the world. Our's truly is a land of free enterprise and free labor—the wellspring of an industrial capacity which has outstripped the productivity of all other nations, especially those using feudal, slave, or totalitarian, which includes forced labor.

The miracle of the 20th Century is that American workers toil fewer hours for more wages, work under better, more humane conditions, and still out-produce the industrial plants of any other country of the world. This miracle was made possible by the genius of the inventors whom our forefathers sought to encourage and protect under our patent system.

Without benefit of extensive laboratories and often the victims of exploitation pioneer inventors received small compensation for their creations or discoveries, altogether all out of proportion to the sacrifices entailed. However this was the joy of creation—the immense satisfaction of creating that which did not exist before.

Americans always have been an inventive people. It is said that more than three-fourths of the industrial wealth of our country is attributable directly or indirectly to the inventive genius of our people, as represented by patent rights. Many instances might be cited wherein craftsmen conceived and developed processes and mechanical devices which have revolutionized production and transportation and have laid the foundation for the remarkable rise of our industrial and agricultural life. Workers may rightfully claim to have made great contributions to the phenomenal progress of America.

(Continued on page 1278)

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*An address by Mr. Woll before the New York State Patent Lawyers Association at the Waldorf Astoria Hotel, New York City, March 13, 1945.

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Holds Bretton Woods Plan Would Create Black Market in Exchange

Dr. V. O. Watts, Economic Counsel of Los Angeles Chamber of Commerce, Calls Agreements the "Economic Consequences of Mr. Keynes."

Publication of a detailed analysis of the Bretton Woods Agreements, which propose an international monetary stabilization fund and a world bank for reconstruction, has been published by the Los Angeles Chamber of Commerce, in a recent issue of its magazine, "The Economic Sentinel," published periodically by the Chamber to acquaint the public with vital problems affecting the national and regional economy.

Dr. Vernon O. Watts

The study, prepared by Dr. V. Orval Watts, economic counsel of the Chamber, after pointing out that the Bretton Woods plans have been advanced—and widely accepted by foreign traders—as insurance of post-war world-wide trade growth, economic stability and guardian of democracy, presents arguments to show that adoption of the proposals would result in the following developments:

1. American foreign trade would be strangled, with citizens of this country being unable even to travel or to send mail or any kind of communication to a foreign nation, or to ship goods into or out of the United States without permission and scrutiny of international authorities controlled by foreign nations.

2. American industry, because its favorable position would allow active growth of exports and thereby cause a shortage of dollars in the pooled funds of the international stabilization fund, would be thrown out of world markets in order to promote "stability" of foreign currencies.

3. American taxpayers would provide most of the real money in

(Continued on page 1287)

Lebenthal Co. Expands Activity; Adds Two

Lebenthal & Co., 135 Broadway, New York City, one of the first bond houses in America to create a specialized market for odd lot municipal bonds, has entered upon an expansion program which will greatly broaden the organization's scope of activity. Beginning immediately, Lebenthal & Co., in addition to its odd lot business, will deal in large blocks of municipals. The organization will also make direct bids to municipalities for new issues and will participate with syndicate bidders to the same end.

Coincident with this expansion program, the company has added to its Municipal Bond Trading and Sales Department staffs Arthur C. Lewis and Alexander T. Dickson, who have a municipal bond background of fourteen and twenty-five years respectively.

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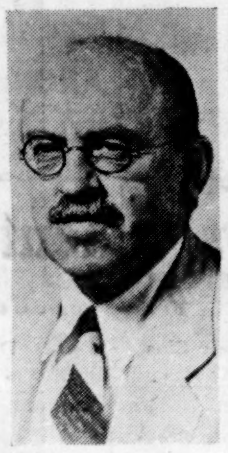
CED Reports on the Bretton Woods Plans

Issues Statement of Its Research Committee Approving the International Bank, but Recommends Postponement of Fund Until Bank Is Granted Power to Make Currency Stabilization Loans. Says International Fund Cannot Remedy Abnormal Currency Conditions in Transition Period and Therefore Proposes Bank Make Currency Stabilization Loans for This Purpose. Ralph Flanders, Chairman of Research Committee, Explains Proposals in Press Conference.

On March 19, the Research Committee of the Committee for Economic Development, headed by Ralph E. Flanders, who is President of the Federal Reserve Bank of Boston, released a statement on the Bretton Woods Proposals. This statement is part of a longer policy statement that is now in preparation dealing with International Trade, Foreign Investment and Domestic Employment.


Ralph E. Flanders

In the introductory portion of the statement, Mr. Flanders, as Chairman of the Research Committee, pointed out the importance of solving the larger problems of transition in the post-war period rather than to offer conclusions on matters of merely current interest, and that if the International Monetary Fund is established, it will be put to the necessity of financing the "unstable conditions" of the transition period for which it is not equipped. Holding that the Bretton Woods proposals will constitute momentous progress in international collaboration only "if such agreements turn out to be workable and lasting," it is recommended that before the Fund operates, the International Bank's powers be broadened to permit it to make both short-term and long-term currency stabilization loans.

With this "simple but significant change," Mr. Flanders concludes, "the soundness of both the Fund and the Bank will be better assured, and hope of successful achievement of their great purposes is not unreasonable, even in the very difficult readjustment period of world economy."

Upon releasing the statement, Mr. Flanders held a press conference in Washington which was attended by Herbert M. Bratter, a correspondent of the "Chronicle." Since it is rumored that the Treasury Department supports the CED Committee's recommendations, we publish below excerpts

(Continued on page 1282)

Bricker To Address N. Y. Chamber April 5

Former Gov. John W. Bricker of Ohio, who was Governor Dewey's running mate in the 1944 Presidential campaign, will be the guest of honor and speaker on April 5 at the 177th anniversary of the founding of the Chamber of Commerce of the State of New York. Leroy A. Lincoln, President, will preside at the meeting, which will be held at 65 Liberty Street, at 12 o'clock noon.

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NSTA Notes

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The following members comprise the Publicity Committee of the National Security Traders Association. In addition to these, as previously reported, each affiliate has chosen a local Chairman to supply the Committee with items of interest concerning his affiliate.

Henri P. Pulver, Goodbody & Co., Chicago, Chairman.
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Ralph F. Carr

Jack E. Jones

SECURITY TRADERS ASSOCIATION OF LOS ANGELES

At a recent meeting of the Board of Governors of the Security Traders Association of Los Angeles, it was decided to forego the usual Spring party due to travel restrictions and lack of hotel accommodations. In its place a dinner will be held at the Ambassador Hotel, April 3. The Association will ask the women members of the various trading departments in town to be guests at this function. For anyone who may be coming to the Coast around this time, reservations must be made before March 27 by contacting Joseph Gallegos, Pacific Co. of California, 623 South Hope Street, Los Angeles 14.

Calendar of Coming Events

Apr. 3, 1945—Los Angeles, Security Traders Association—Spring Dinner at the Ambassador Hotel.

Apr. 20, 1945—New York, Security Traders Association of—Annual Dinner at the Waldorf-Astoria Hotel.

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Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Arithmetic of Corporation Taxes, in Reynolds **Review for Security Dealers**—Also containing a study of outlook on **Detroit Harvester—Reynolds & Co.,** 120 Broadway, New York 5, N. Y.

Chicago's Traction Plan—Digest of the formal plan submitted to the Federal District Court on Feb. 28, which is designed to net securities holders of Surface and Elevated Lines approximately $99,750,000—**Leason & Co., Inc.,** 39 South La Salle Street, Chicago 3, Illinois.

Insurance Stock Index for February, 1945—Tabulation of trends in the market of fire and casualty stocks—**Mackubin, Legg & Co.,** 22 Light Street, Baltimore 3, Md.

Also available are memoranda on **Bankers & Shippers Insurance Co., Jersey Insurance Co., National Casualty Co., Pacific Fire Insurance Co., U. S. Fidelity & Guaranty Co., U. S. Fire Insurance Co.,** and **Westchester Fire Insurance Co.**

American Bantam Car—Circular on this situation—**Hoit, Rose & Troster,** 74 Trinity Place, New York 6, N. Y.

American Chain & Cable Co., Inc.—Memo on interesting speculative possibilities—**H. Hentz & Co.,** 60 Beaver Street, New York 4, New York.

Also available is a leaflet of **Research Comment.**

American Hardware — Special study—**Goodbody & Co.,** 115 Broadway, New York 6, N. Y.

Ampco Metal, Inc.—Circular on interesting post-war possibilities—**Sills, Minton & Company, Inc.,** 209 South La Salle Street, Chicago 4, Ill.

Also available are current bulletins on **Chicago South Shore and South Bend Railroad** common, **Maryland Casualty** common, **Puget Sound Power and Light** common, **Chicago Railway Equipment Company, Liece Neville,** and **Soss Manufacturing Company.**

Benguet Consolidated Mining Co. — Analysis — **F. Bleibtreu & Co., Inc.,** 79 Wall Street, New York 5, N. Y.

Boston Terminal 3½s of 1947—Analytical report describing reorganization status and proposed plan—**Greene & Co.,** 37 Wall Street, New York 5, N. Y.

Central Electric & Gas Co.—Recent developments and pro forma consolidated statement of income—**Rogers & Tracy, Inc.,** 120 South La Salle Street, Chicago 3, Illinois.

Central Illinois Electric & Gas Co.—Recent developments—**G. A.**

(Continued on page 1281)

Brailsford Adds Migely

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL. — Brailsford & Co., 208 South La Salle Street, members of the Chicago Stock Exchange, have added William A. Migely to their staff. In the past Mr. Migely was with Rogers & Tracy, Inc. and Abbott, Proctor & Paine.

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J. P. Dreibelbis V.-P. Of Bankers Trust Co.

At a meeting today of the Board of Directors of Bankers Trust Co., J. Paschal Dreibelbis was elected a Vice-President of the Company.

J. Paschal Dreibelbis

Mr. Dreibelbis was, until Mar. 15, General Attorney of the Federal Reserve Board where he has served since 1941. He acted as Assistant General Counsel to the Board from 1936 to 1941.

Prior to this Mr. Dreibelbis was Special Counsel to the Reconstruction Finance Corporation in the Insolvent Bank Division and Special Counsel in the office of the Controller of the Currency during the bank holiday, and later in charge of reorganization of national banks.

He was Assistant Counsel to the Federal Reserve Bank of Dallas for three years and then a member of the Dallas law firm of Locke, Locke, Stroud & Randolph.

Mr. Dreibelbis was born in Fort Worth, Texas, in 1899. He was educated in Dallas and took his law degree from the University of Texas.

E. Ralph Sterling With David J. Greene

David J. Greene, 30 Broad Street, New York City, member of the New York Stock Exchange, announces that E. Ralph Sterling, previously with Lehman Brothers and Merrill Lynch, Pierce, Fenner & Beane, has become associated with him to engage in Research on Special Situations.

W. F. Abbott Now With White & Co. In St. Louis

(Special to The Financial Chronicle)

ST. LOUIS, MO. — Welcome F. Abbott has become affiliated with White & Company, Mississippi Valley Trust Building, members of the St. Louis Stock Exchange. Mr. Abbott was formerly assistant manager of the local office of Barrett Herrick & Co., Inc., and was with Wise & Smoot, Inc.

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Action of Stocks Selling Below and Above 20

National Securities & Research Corporation Analyses Effect of New Margin Rule and Concludes That Low Price Shares Have Been Advancing on Outright Purchases for Cash.

L. H. Bradshaw
Editor
"Investment Timing"

The March 15th issue of "Investment Timing", published by the National Securities & Research Corporation, discusses the effect of the new Stock Exchange rule prohibiting the margining of stocks selling at or below $10 per share.

"At first," states the review, "it was expected that the Stock Exchange's action on margins, effective Monday, March 5, might have an adverse effect on stocks selling below 20. The general market, however, continued to advance for the first three days of the week, and there were only slight fractional losses in some stocks selling under 20. The action of the market emphasized the fact that it had been advancing largely on outright purchases for cash."

Continuing, the service remarks that "the market sold off sharply on Thursday and Friday. A sequence of events—the new margin requirements, an intimation that 100% margins were being considered, the news of the American army crossing the Rhine, foreshadowing an earlier end to the war and reviving consideration of reconversion problems, and a technical position weakened as a result of the sustained advance—collectively accounted for the decline.

"In comparing the behavior of

(Continued on page 1287)

Senators Taft and Tobey Debate Bretton Woods

Ranking Republican Members of Senate Banking and Currency Committee Appear on Theodore Granik's Forum of the Air. Senator Tobey Defends the Agreements, but Senator Taft Opposes on the Ground That They Will Entail Loss of American Dollars and That, Because American Funds Will Be Largely Used, Other Nations Will Eagerly Borrow at Our Expense. Tobey Accuses Taft of Viewing Project With "Dark Glasses."

Since the most difficult hurdle in enacting the Bretton Woods program will be the Senate, we publish below some excerpts of the debate on the American Forum of the Air, March 20, between Senators Charles W. Tobey and Robert A. Taft, ranking Republican members of the Senate Banking and Currency Committee. The Forum was also participated in by W. L. Gregory, President of the Independent Bankers Association, and U. V. Wilcox, Washington financial writer. Theodore Granik served as moderator. He began by asking Senator Tobey: "Must we hurry this program through before the San Francisco Conference meets on April 25?"

Senator Tobey: "There is no must about it, but I agree with Secretary Morgenthau it would be highly desirable and a great stimulus to the San Francisco Conference if we could agree in Congress before the Conference is held, making fait accompli the first move in world cooperation by all the nations of the world."

Senator Taft: "I would like to suggest, Mr. Granik, that, after all, we should hold off definite commitments on all post-war loans until we see what these other nations are willing to do at San Francisco. Why give away $6,000,000,000 to them now before they sign up this plan for peace? This money perhaps is our last weapon to help secure international agreements to the Dumbarton Oaks plan or a better plan. Currency stabilization also should really be the last step. It can

(Continued on page 1284)

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J. G. White & Company, Inc., 37 Wall Street, New York City, investment bankers, announce that Hubert F. Atwater has joined their organization. Mr. Atwater entered the securities business with Redmond & Co., and has been active in investment field as distributor and underwriter since 1906. During recent years he was associated with Eastman, Dillon & Co.

Hubert F. Atwater

He has participated in the preparation of reorganization plans for railroads in receivership and has acted as a member of bondholders' committees in the same field. He is chairman of the Protective Committee for Chicago, Milwaukee, St. Paul & Pacific adjustment mortgage 5s.

The business of J. G. White & Company, Inc., was established in 1890.

John J. O'Brien Co. To Admit E. Spalding

CHICAGO, ILL. — John J. O'Brien & Co., 231 South La Salle Street, members of the New York and Chicago Stock Exchanges, will admit Evans Spalding to partnership in the firm as of April 1. Mr. Spalding in the past was with Mitchell, Hutchins & Co. and Abbott, Proctor & Paine.

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CHICAGO, ILL. — Leonard P. Joyce has become connected with Holley, Dayton & Gernon, 105 South La Salle Street, members of the Chicago Stock Exchange. Mr. Joyce was formerly with Paine, Webber, Jackson & Curtis, and David A. Noyes & Co.

CHICAGO'S TRACTION PLAN
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Public Utility Securities

Heavy Utility Refunding Operations Ahead

Public uitility financing was extremely heavy during October-November in anticipation of the War Bond Drive in December. It was generally assumed that this heavy rate of activity would be resumed after the drive and the holidays, but this did not prove to be the case. A number of companies had apparently been anxious to get their deals completed in 1944 so that they would not run the risk of losing tax savings resulting from premium charge-offs, in case the excess profits tax should be cancelled in 1945. Possibly this accounted for the letdown early this year.

It is understood that plans for one small issue, the $2,000,000 Arkansas-Missouri Power Company's 3⅛s, 1974 (scheduled to follow the bond drive) were postponed indefinitely as the result of some new SEC ideas regarding the set-up or the indenture. In another case, Central Ohio Power & Light preferred, technicalities also delayed the issue. Perhaps similar difficulties arose with other projected issues. In any event, total utility financing was only $70 million in January and $60 million in February compared with $263 million in November, $515 million in October and $144 million in September. (Financing in previous months averaged much lower.)

Financing in March has not been heavy thus far so far as utilities are concerned. The $4 million Northern Pennsylvania Power is 2¾s, 1975 were offered on March 8 by a syndicate headed by Langley and Glore Forgan. As is usual with the smaller issues, there were a number of group bids, resulting in keen competition, reflected in the retail offering at about a 2.70% basis. Some time ago such a yield would have seemed ridiculously low for an "A" bond, but the piling up of institutional funds and the relative scarcity of offerings in December-February resulted in a "sellers' market." Despite the low yield the bonds were reported well taken.

Several important issues are being offered currently: 40,000 shares Florida Power Corp. preferred stock and three Laclede Gas Light issues—$19,000,000 first mortgage bonds due 1965, $3,000,000 serial debentures and 2,165,296 shares of common stock. Reference to the common stock was made in this column in the story on Ogden Corp. (March 8).

The $80,000,000 Pacific Gas & Electric Refunding originally scheduled to be handled by Blyth on a noncompetitive basis, got into difficulties when Halsey Stuart demanded that the California Railroad Commission require competitive bidding, to which the Commission agreed. The SEC had previously ruled that Pacific Gas was a subsidiary of North American Co. and thus subject to competitive bidding. The company then obtained a court injunction against the SEC and, in a decision on March 12, the Supreme Court upheld the position taken by the Commission.

Other issues registered with the SEC include $6,967,000 Central Vermont Public Service bonds and 40,000 shares of common stock (apparently only the bonds will be competitive); $26,089,000 Ohio Edison bonds; $18,000,000 Texas Electric Service first mortgage bonds and $3,000,000 serial 2⅛s (together with a pereferred stock exchange), and $3,750,000 St. Joseph Railway, Light, Heat & Power 3¼s. Other issues include the merger financing of Savannah-St. Augustine Gas Co. (preferred and common) and an offering of West Virginia Water Service preferred and common (by Allen & Co. and Shea & Co.).

The technique for effecting exchanges of new preferred stocks for old without an underwriting by bankers, is something new: two companies, Dallas P. & L. and Carolina P. & L., are working on deals of this kind. In the case of Dallas the new issue will be virtually underwritten by the holding company, Electric Power & Light, which will "buy" new common stock at $60 a share in sufficient amount to take care of the unexchanged preferred.

The number of potential deals on which timing remains indefinite would make a long list. Virtually all utility bonds with coupons of 3⅜-5% and ratings of Baa or better, now seem "vulnerable" to potential refundings, and A 3¼s may also be in danger. The utility bond market appears to have reached ridicuously high levels, partly because of the remaining institutional prejudices against rail bonds, which certainly seem to offer more attractive bargains for the average investor. With money rates still on the downward trend this inflated condition for utilities offers that industry a golden opportunity for refunding at all-time low coupon rates. The Treasury Department's low money-rate policy is giving the industry a "break"—in marked contrast to the general anti-utility policy of the Administration.

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Some Problems of Reconversion

Bowles Cites Need of Reemployment of 15 Million Veterans, Disposal of Unprecedented Quantities of Surplus Materials, and the Reconversion of Plants to Peace-Time Production as Requiring a High Order of Cooperation Between Business and Government. Hints Business Men Are Frightened by Future Prospects, but Says Our Flexibility, Combined With Will to Cope With Problem, and Lessons Learned Prior to and During War May Help Solve Problems. Leo Cherne Warns of Dangers of Drastic Cut-Backs.

Chester Bowles

Leo. M. Cherne

On March 19, Chester Bowles, Director of the Office of Price Administration, spoke before the National Conference of Business Paper in the Waldorf-Astoria Hotel, in New York City, on the problems that must be faced in the reconversion period immediately following the peace. According to Mr. Bowles' remarks, as reported by Max Forester in the New York "Herald Tribune" on March 20, "he used blunt words throughout a 60-minute talk" and requested that he be not "directly quoted because he might be misunderstood." According to the "Herald Tribune" writer, Mr. Bowles expressed the belief that "reconversion, in itself, would probably be more difficult than the period of war production just past, and would call for a high order of cooperation between business and government."

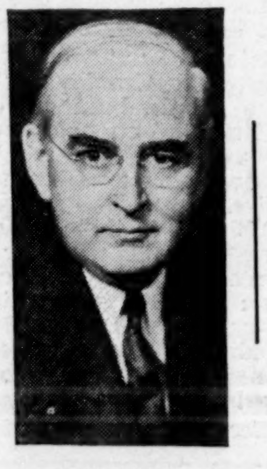
According to the report of Mr. Bowles's remarks, he warned that failure to provide for full employment at a rate in excess of that of 1940 would jeopardize the private enterprise system throughout

(Continued on page 1272)

Senate Passes Measure Exempting Issues To $300,000 From SEC Registration

In a Rider of Senator Vandenberg to the Appropriation Bill for Federal Housing Authority the Exemption of Issues Is Raised From $100,000 to $300,000. "Proposal Merits a Trial," Says SEC Chairman.

The Senate on March 15, approved the insertion of a rider in the appropriation measure for the Federal Housing authority which would exempt new issues of securities in amounts up to $300,000 from the registration requirements of the Securities and Exchange Commission. The rider was introduced by Senator Arthur H. Vandenberg of Michigan, who contended that the required registration of issues above $100,000, as contained in the present law, "makes it almost impossible to float small issues of stocks and bonds." Since the Securities and Exchange Commission, under the Securities Act merely passes upon the accuracy and adequacy of disclosures required by the Act to be made in connection with public issues of securities, the Senate approval of the increase in exemption does not remove from the authority of the Commission its present power to impose terms and conditions found necessary to protect investors and the public interest in matters relating to the exempted issues.



A. H. Vandenberg

Ganson Purcell

Chairman Ganson Purcell, of the SEC in a letter to Senator Vandenberg, dated September 13, 1944, stated that he did not oppose the provision to raise the exemption limit, though he contended that the costs of registration to small concerns was relatively light, and that this cost could not be used as an argument for raising the exemption limit.

(Continued on page 1285)

Pacific Coast Securities

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Tomorrow's Markets Walter Whyte Says——

Market having rallied from lows now indicates another set-back. Expect reaction to stop above previous lows and resume rally after period of digestion.

By WALTER WHYTE

There wasn't much that happened since the previous article was written to change the opinion of this column that the major trend is still up. A significant point is the ability of various stocks to get going in what is apparently a general feeling of lassitude expressed by the rest of the market.

* * *

For example there was Eastern Air Lines. Last week when I recommended its purchase it was selling between 41 and 42. At least it was there when I spotted the action and wrote about it. Yet before you could even read the buying advice it was away to the races. It was one of those things that can't be avoided in a weekly column. Telling you to buy anything at the market is equally impractical. For while it might work out occasionally, the odd time when it didn't would get you into the market at a price that only an Act of Congress would bail you out of.

* * *

At the same time I advised the Eastern Air purchase I also recommended another list of stocks. Up to the time this is being typed not one of the new stocks has become available. A few got within fractions of the buying area—but that was about all. Perhaps they will react to the buying zone by the time you read this. If they do keep your eye peeled and remember the stop is there for more than a space-filler.

* * *

In case you don't remember what these stocks were here is complete list:

Goodrich between 57 and 58; stop 56.

Hudson Motors between 17 and 18; stop 16.

(Continued on page 1281)

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Another Fishing Expedition

(Continued from page 1259)

posed "regulation" or "interpretation" behind this new questionnaire.

We could then pass such knowledge on to the dealers and brokers who will be affected.

The NASD bureaucracy is at bat for another inning.

Let us proceed to analyze some of these questions. Take number "1." Whether or not a partner is engaged in selling securities is not as simple a question as it seems. In a strict legal sense he is so engaged and this despite the fact that he may never see a customer or may never himslf send out a piece of literature. The doctrine of agency stamps him as a salesman.

Prying into salary and commissions of salesmen, we feel, is no affair of the National Association of Securities Dealers.

The term, "gross profit," as used in the questionnaire is a misnomer, when what is intended appears to be "gross spread."

For what kind of tampering and disturbance is this current questionnaire a ground work?

Haven't we had more than enough of interference, overregulation and inquisition?

Security salesmen are the ones who dispose of the securities of small corporations. They are the door bell ringers. Oh, yes, we know that term has been derided; but people are not born with the inherent urge to buy securities. Just as in our system of government, so in sales, knowledge frequently comes through the home door, and it is just that it should be so.

Salesmen keep a portion of the public who would otherwise not be informed, abreast of current situations.

Because of the war, the number of available security salesmen has been seriously curtailed.

If any effort be made now to trifle with their compensation, such curtailment may reach the dangerous stage where the securities of the smaller corporations will not receive the public attention that they deserve, and our economy will be seriously interfered with.

The figures or alleged figures gathered from this survey, may again be used as the background of one of those "interpretations" which heretofore caused considerable havoc.

Information which should belong to private concerns may come into the possession of competitors.

Why should business structures built as a result of a life's effort, and information which is appropriate to those structures, be relinquished in response to bureaucratic inquiry?

Under the by-laws of NASD, some duty exists on the part of members to answer questionnaires.

This power to compel such answer is subject to considerable abuse and we feel that the instant case constitutes one of those inexcusable abuses.

Some of the courageous men in NASD ought to join their forces to compel either an abolition of that power or certainly a severe curtailment of it.

The next thing we know, after an alleged analysis of the returns, the Board of Governors of NASD will be drawing some non-sequitur conclusions, and will attempt by "interpretation" to change trade custom and usage in the employment of sales help and the portion of the spread which sales help receives as compensation.

In a letter accompanying the questionnaire, the member is "requested to include one copy of each piece of sales literature used during the month of February, 1945; and one copy of each offering sheet distributed to banks, insurance companies, brokers, dealers, individual investors, and any others during the month of February, 1945."

The possession of power is the will to greater power. What insolence!

We believe that there exists a well centered will to abolish all such snooping.

Such abolition must take place, and promptly, if small business is to be saved, liquid markets to be preserved, and the American way of free enterprise to be continued.

The mounting signs of collectivism are continually growing more numerous, and the regulations in the securities field are striking a definite and dangerous pattern along those lines.

We must insist on continuing to be Captains of our ship.

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Attacks "Nat'l Income" Concept

(Continued from first page)

"Large 'national income,'" he continues, "is said to bring prosperity, to insure employment, and so on. Here are some questions: Just what is 'national income'? Is this concept measurable and is it measured statistically with any accuracy? Does a large 'national income' cause spending, or is it the result of spending? What, specifically, is its relation to spending? And is it 'national income' or spending that, along with the goods and services sold, determines prices? And where does greater production, saving, and investment fit into these factors as causal agents? Did not the 'national income' of the German people reach fantastic heights in 1921-1923 when their currency was depreciating rapidly and their spending was frantic? Did great spending and great 'national income,' in terms of their money, mean economic health, or heavy employment, or greater production, or saving, or prosperity? Are not our 'national income' figures in terms of money too? With our 'national income' now said to be roughly twice that of the average year of the 1920's, are we twice as well off?"

Dr. Spahr suggests that "it is high time that writers and speakers and others, who are throwing these terms around so freely and drawing so many unwarranted conclusions from them, stop and take a look at this current species of self delusion or hypnotism or whatever it is. Let the 'blind who would lead the blind' ask themselves how a sharp business recession can set in from a boom when 'national income' and spending are mounting if these insure employment, and if 'full' employment insures larger 'national income' and spending, and prosperity, and so on and on, as the argument is running today. Yet spending and debt and booms do end in severe recessions and unemployment!"

A great proportion of argument regarding spending to increase national income, Dr. Spahr holds, "is nothing but the Socialists' under-consumption theory of business cycles dished up to the general public in terms that they do not understand but which, apparently, sound plausible to them. The end result of these 'theories' is more and more public spending, deficits, still greater debt, and Statism in some form.

"Serious and careful people have been trying for several years to develop a concept of national income and to get data of sufficient value to make the term useful. But neither the best-developed concepts nor the available statistical data relating to them warrant the type of use of the term that is sweeping this country today. It probably is most unfortunate that even the most usable concept of 'national income' was ever permitted outside the scientific laboratory since it is little if anything more than an embryonic monstrosity. Just why so many economists who profess to be careful and responsible regarding such things are not protesting and explaining the defects, limits, guessing, and crudities involved in this term is puzzling. Some of those who, instead of issuing wanings, seem to be furthering its use, apparently because of the inferences being drawn, were also propagandists for the related economic monstrosity—the 'inflation gap'—(the use of which, fortunately, seems to be dying out), and can nearly always be found to be advocates of heavy postwar spending, deficit financing, and some brand of Socialism or Statism."

Professor Spahr, in a previous special article published in "the Chronicle," May 20, 1943, expressed similar views to the above, and supported his contentions with elaborate data. He then called for "a more careful scrutiny of the estimates of national income, and criticised the figures published by the Department of Commerce covering the year 1942.

ADVERTISEMENT

NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number eighty of a series.*
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Salvage

Coincidental with our expanded drive here at Schenley's to salvage paper cartons in which our merchandise is shipped, comes a very interesting letter from the Civilian Defense Volunteer Office in New York—on the need for salvaging waste paper of *all* kinds.

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We are told that scrap paper also means small pieces of paper which we are in the habit of ignoring. We should save our egg cartons, empty boxes, box tops, wrapping paper, envelopes, old circulars, old calendars, etc. We find one single example extremely interesting. Let us take New York, where we have about seven million people. If every one of us would contribute one used envelope a day, one day's total of these old envelopes would be sufficient to make seventy-five thousand blood plasma containers.

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A. A. Pieper Elected Fin. V.-P. By Republic

Arthur A. Pieper

FARMINGDALE, N. Y.—Election of Arthur A. Pieper of Huntington, L. I., to the office of Financial Vice-President of Republic Aviation Corp., Farmingdale, L. I., has been announced by Alfred Marchev, President of the company. Mr. Pieper joined Republic a year ago as assistant to the President, in charge of accounting and auditing.

Mr. Pieper has had a long experience in corporate finance and accounting. He has held positions in that field of activity with International Harvester Company, Price Waterhouse & Co., and Arthus Andersen & Co. At one time he was a partner in the accounting of Glenn Ingram & Co.

Mr. Pieper was born in St. Louis, Mo., in 1898. He was graduated from St. Paul's College, Concordia, in 1917. He is married and has three children.

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Philadelphia Stock Exchange Elects

PHILADELPHIA, PA.—Edgar Scott, Montgomery, Scott & Co., was elected President of the Philadelphia Stock Exchange for a term of one year, at the annual election meeting.

Elected to the Board of Governors for three-year terms were: Frank E. Baker, Baker, Weeks & Harden; Richard L. Fox, Moyer & Co.; H. Gates Lloyd, Drexel & Co.; Harry MacDonald, Bioren & Co.; George E. Nehrbas, Parrish & Co.; Samuel K. Phillips, Samuel K. Phillips & Co., and Frederick P. Ristine, F. P. Ristine & Co.

Spencer Trask & Co. Will Admit Bellows as Partner

Spencer Trask & Co., 25 Broad Street, New York City, members of the New York Stock Exchange and other leading Exchanges, will admit H. H. Bellows to partnership in the firm as of April 2.

Welke Company Resumes Activity

SAN FRANCISCO, CALIF.—Edward P. Welke has announced the resumption of business by Welke & Co., dealers in investment securities, from offices at 369 Pine Street.

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Real Estate Securities

EARNINGS OF SHERRY-NETHERLANDS HOTEL SHOW LARGE INCREASE

Sinking Fund More Than Double Previous Six Months Period

The Sherry-Netherland Hotel, New York City, was reorganized in 1936 at which time First Mortgage bondholders received new 5¾% Income First Mortgage Fee bonds on a par for par basis and 60,000 shares of a total of 67,900 shares of Common Stock issued. The new bonds became the obligation of a new corporation, The Sherneth Corporation, and are secured by a first mortgage on 12,500 square feet of fee land fronting 100 feet on Fifth Avenue and 125 feet on 59th Street and upon the 37-story apartment hotel building having 375 rooms.

The increase in hotel business generally has had a favorable effect on this property. The terms of the new Trust Indenture which provided for the use of 50% of the income above 3% interest on the bonds has enabled funded debt reduction. The following quotes from the Corporation's report, dated March 1, 1945, are interesting:

"Reflecting continued business expansion, gross income of the Hotel Sherry-Netherland for the year 1944 increased $261,841.82, or approximately 22%, over that for the preceding year. Despite higher operating costs, including a rise of almost $30,000 in payroll expense, profit after taxes and insurance rose from $252,967.22 to $438,435.52, an advance of $185,468.36, or approximately 73%. After all charges, including depreciation, but before bond interest, there was an increase in profit of some 400% in 1944, over 1943.

Net earnings for the period July 1, 1944, to Dec. 31, 1944, determined in accordance with the Indenture, show $226,762.76 available for Bond interest and for retirement of Bonds. Of these Net Earnings, $156,402.38 is applicable to Bond interest. This, added to the sum of $2,585.11, carried forward from a previous period, resulted in a total of $158,987.49 available for interest on the Bonds. The Corporation made an interest distribution of $157,745.50 (2¾%) on the Bonds on March 1, 1945, to Bondholders of record Feb. 9, 1945. The remainder of $1,241 has been set aside and will be held for future payment on account of Bond interest.

The amount available for sinking fund from the earnings from the six months period ended Dec. 31, 1944 was $70,359.36 as compared to $32,319.60 in the previous six months period. A total of $194,200 bonds were retired with these funds to reduce the $6,000,000 originally issued in reorganization to the present outstanding amount of $5,622,700.

Burgess Defends ABA Views On the Bretton Woods Pacts

(Continued from first page)

of soundness; (3) that for the protection of our own interests we should avoid the use of our dollars for purposes to which we are opposed; and (4) that the plan does not forbid other powerful weapons of economic warfare such as tariffs, quotas, subsidies and the like. The text of the statement follows:

The American Bankers Association agrees with the purposes and with a large part of the substance of the Bretton Woods plans. The Association has been on record since 1943 in favor of an international monetary organization to help achieve these purposes. We want international cooperation and exchange stability.

The record of the Association in this respect is clear and consistent. The report of our Economic Policy Commission, issued Sept. 1, 1943, said:

> "Some international institution is desirable: to help nations in stabilizing their currencies; to provide a meeting place for the discussion of monetary questions; to collect information which is a necessary basis for sound decisions, and to make some arrangements for stabilization credits in cases where they are justified."

We are still in favor of these objectives as is shown in the Association's report on the Bretton Woods proposals made on Feb. 1 to our membership.

This report was the joint product of three committees of our Association, acting with committees of two other banking organizations, the Association of Reserve City Bankers and the Bankers Association for Foreign Trade. It was approved by the governing bodies of each of these associations. The members of these committees—sixty in all—came from all sections of the United States, represented different types of institutions, and came largely from centers that have a definite interest in foreign business.

At our annual convention in September, 1944, the Bretton Woods proposals were widely discussed, the general views of our members began to crystallize, and the convention authorized the Administrative Committee of the Association to act on its behalf. The Committee has done so.

Furthermore, we withheld open discussion of the matter pending the November elections in the conviction that controversy on foreign relations should, as far as possible, be kept out of the campaign.

The differences of opinion concerning the Bretton Woods proposals arise with respect to methods and NOT to objectives. We agree with the objectives, but we think that the Fund should not be created. In its place we favor the establishment of a department of the Bank to perform the stabilization functions now assigned to the Fund.

You have two sorts of questions before you: One, the question of the merits of the proposals; and the other, a question of international relations. Before we analyze the merits of the plans before you—the Fund and the Bank—and how they fit into the present turbulent world economy, may I comment on the second question.

The negotiation of international agreements is a double task. They must be negotiated with the representatives of foreign countries; they must also be negotiated with our people at home. It is all too easy to forget the second step—to make an agreement abroad and then hope to sell it at home. But selling is not negotiation.

The proposals before you have been partially negotiated with the experts of other countries after compromises on all sides, but after little public discussion. We are told that the American people should now take them as they are—without change—otherwise new international conferences must be called—which might fail.

This is in marked contrast to the procedure with respect to the Dumbarton Oaks proposals, where a conference of technical experts was followed not only by widespread public discussion but also by a second conference to be held at San Francisco next month.

It should also be noted that, even with respect to the Bretton Woods conference, the American delegates were under instructions from the President which limited the scope of their deliberations as follows:

> In formulating a definite proposal for an International Monetary Fund, both you and the other delegates will be expected to adhere to the joint statement of principles of an International Monetary Fund, announced April 21, 1944. You, as head of the delegation, are authorized, however, after consultation with the other delegates to agree to modifications which, in your opinion, are essential to the effectuation of an agreement and provided that such modifications do not fundamentally alter the principles set forth in the joint statement.
>
> You will apply the same principles in your discussions and negotiations with respect to the proposed Bank for Reconstruction and Development except that you will be governed by the principles agreed upon by the American Technical Committee.

In view of the misstatement frequently made that "44 nations" had "agreed" on the Bretton Woods plan, the precise nature of the Final Act at Bretton Woods should be noted. Lord Keynes described it as follows:

> The whole of our proceedings is ad referendum to our governments who are at the present stage in no way committed to anything . . . We do not even recommend our governments to adopt the result. We merely submit it for what it is worth to the attention of the governments and the legislators concerned.

There were also specific reservations on a number of points by representatives of various countries.

Now for the first time this program comes to the American people at the policy level.

These plans are in two packages—an International Monetary Fund and an International Bank for Reconstruction and Development. The Bank has found general acceptance both here and abroad. The Fund has met opposition both here and abroad.

The changes we suggest are of such a character—all in the interest of simplification—that we believe they would not necessarily require another conference.

But why should we dread another conference? Other conferences must be held and will be useful in learning each other's point of view. One such conference is essential before long to consider trade arrangements because trade quotas, tariffs, subsidies, export bounties, bilateral arrangements could completely defeat any program for monetary stabilization. Trade policies and monetary policies should logically be considered together.

The reasons why we are proposing a simplification of the Bretton Woods plan will be developed more fully by my associates, but I should like to review briefly today some of the major reasons.

1. **Size and nature of need.** Much of the testimony which has been offered here seems to me to be based on a misconception of the financial position of the world today. It has been said that much of the world is impoverished and devastated and that we face the task of putting it together again. The devastated areas, in fact, are limited to parts of a few countries, and many of the countries of the world are affluent. They have benefited from our huge war expenditures. We think of Uncle Sam as rich as Croesus but lately he has been growing poorer and other countries richer. While our gold reserves have declined to a point where we must lower our reserve percentage, other countries have been increasing theirs. Nations outside the United States now hold over 20 billions of gold and dollars. This has risen by 7 billion dollars since our government's experts began discussing international monetary plans three years ago. Other countries have gained more gold and dollars than the entire United States quota in both proposed institutions. The pressing need for loans is limited to a few areas and a few countries.

2. **Assurance of soundness.** Another reason for eliminating the Fund and concentrating its necessary powers in the Bank is that the Bank's loans are made on sound principles. While various safeguards have been inserted in the Fund plan it still remains true that members of the Fund have a right to borrow under certain conditions which are not difficult to fulfill. Long experience has shown that poor loans are as bad for the borrower as for the lender.

The lending policy of the Bank is much more carefully protected, both in the method of making loans and in the fact that the country whose money is used has a veto power.

The concentration of the lending power in the Bank would assure wiser and better lending policies. It would enable us to do what has to be done for less money. The 10 billion dollars capital of the Bank is more than adequate for any probable needs for some years, but it could be supplemented later if circumstances justified such action.

3. **Protection of United States principles and interests.** The United States has certain definite national points of view and interests. There is no provision in the Fund to avoid the use of our dollars by countries which are following policies directly contrary to ours or for purposes to which we are opposed. The Bank, however, which gives a country veto power over the use of its money, provides protection to the lender.

In addition to this defect in the Fund, there is the provision for the treatment of scarce currencies. The currency most likely to be scarce is the American dollar; on that point there is no dispute. If dollars become scarce, what will happen? It will inevitably be charged that the United States is to blame and we shall once again be branded "Uncle Shylock" unless we put up large additional sums.

4. **Economic warfare.** The proponents of Bretton Woods assert that one of its twin objectives is an end to economic warfare. Yet the Agreement attacks only the monetary weapons of that warfare—and only **partially** attacks these—namely, currency depreciation and exchange controls. As to the former, the Agreement actually stipulates that a 10% depreciation is permissible without the consent of the Fund, and the Fund must allow further depreciation if there is "fundamental disequilibrium." That is not hard to prove. As to exchange controls—they are allowed for an extended period.

But no other of the powerful weapons of economic warfare is forbidden. Tariffs can be raised or lowered. Quotas, embargoes, subsidies on production, export bounties, preferences, and bilateral agreements (outside the Fund) can ALL be used.

The Fund provides only a start in dealing with economic warfare —a start which we believe could be made more effectively through the Bank.

5. **Why one institution?** We believe that the objectives of Bretton Woods could be carried out best if there were but one international financial organization instead of two. We think the one organization could carry out the objectives more efficiently, in a more orderly way, and more economically than could two. bility with respect to long-term

Since both would be making loans and promoting international trade, confusion would be almost inevitable. Dollars are what most nations will want. As the plan is set up it is easier and cheaper to get dollars out of the Fund than out of the Bank. Nations have an almost automatic call upon dollars in the Fund, while in the Bank they must prove that they have good loans. In the last analysis America has a right to veto a dollar loan by the Bank just as other nations have a veto on loans in their currencies.

We believe the Fund should be a department of the Bank. We believe the same board of directors ought to have charge of the policy of both lending operations. Why? Because otherwise a nation may be borrowing so much short-term money from the Fund that it will endanger the soundness of its long-term obligations to the Bank. An ordinary bank in this country makes short-term loans and long-term mortgage loans to the same people or buys their bonds. It knows the current financial position of its borrowers and also knows what obligations its borrowers have to meet in the years ahead.

Rules regarding international exchange restrictions, parities, and other such questions can be worked out through the stabilization department of the Bank more effectively than if such questions were relegated to an institution which had no responsibility with respect to long-term loans. Some stabilization programs will call for long-term loans.

Furthermore, we believe that the objectives set forth at Bretton Woods can be accomplished by about one-half of the commitment of the present proposals. Stabilization loans need not involve huge sums of money if well made. A country stabilizes itself by pursuing proper fiscal, business and trade policies. Going into debt through borrowing from foreigners may help for a time but a country cannot hope for permanent stabilization by borrowing alone. It must produce and save and export to get back to stability. Assuming a country wants to stabilize, loans can be helpful but they are not the primary method to attain stabilization.

Some say "What difference does it make what it costs America? We are a wealthy nation." May I call your attention to the fact that a couple of years ago all of us believed that we could feed ourselves and the world, if necessary, during this war, but in recent weeks we have been shocked by the realization that even we can run short of food—a thing we thought we had in great abundance. The President has set up a committee to control our exports and has just asked us to tighten our belts.

We can't go on lending dollars indefinitely. We have lost more than two billions of our gold during the war, while our liabilities have vastly increased. We want to do all we can within our means to help the world toward recovery. We believe we can attain the objectives of Bretton Woods at half the cost. By doing so we can help to maintain the stability and integrity of the American dollar, which is now the financial anchor for the world.

McMannus & Mackey To Admit Dorothy Mackey

McMannus & Mackey, 52 Wall Street, New York City, members of the New York Stock Exchange, will admit Dorothy H. Mackey to limited partnership in the firm as of April 1.

Urges Support Of World Organization

Dean Virginia C. Gildersleeve of Barnard College, only American woman delegate to the San Francisco Conference, urged a gathering of Republican women on Feb. 28 not to allow party differences to divide the country in its support of the new world organization to prevent wars.

We quote from the New York "Herald Tribune" which added:

Describing herself as "a sort of irregular, independent Democrat," Miss Gildersleeve brought her congratulations to the Young Women's Republican Club at its tenth anniversary dinner at the Midston House, 22 East Thirty-eighth Street. She said she believed in the two-party system of government and wished the club success in bringing about "better and more enlightened government for us all."

Glen R. Bedenkapp, chairman of the Republican State Committee; Miss Jane Todd, vice-chairman, and Thomas J. Curran, Secretary of State, were other speakers. Mrs. Myra Grigg Diemer, president, presided.

NEW YORK LIFE INSURANCE COMPANY

100th Annual Statement to its Policyholders

THE COMPANY will be one hundred years old on April 12, 1945. Since beginning business in 1845, it has paid to policyholders and beneficiaries over $6,000,000,000. As it completes its first century, the Company has in force its greatest amount of life insurance.

Our centennial, while significant in the history of the Company, comes at an especially significant time in the history of the nation. The war, with the additional duties and responsibilities it imposes upon all of us, has been a primary influence affecting the Company as an institution and also the officers, agents and employees individually. More than 1,970 members of the New York Life organization are now serving in the armed forces. Twenty-two have already lost their lives in the service of their country.

Although there have been five wars during the 100 years since 1845, the past century has been a period of great development for the country. Through all those years, the New York Life has played its part in the nation's social and economic growth. As the Company emerges from its first century, it reaffirms its faith in the stability of our fundamental American institutions.

Foremost of these institutions is the family. With it goes the family's freedom to participate in the nation's progress towards a better civilization, and the right to protect the fruits of hard work and perseverance. In America and Canada, where we live, this freedom to participate, and the right to protect, is assured by our representative form of government. It has enabled us to attain our present high standards of living and family security. But while our form of government can assure this freedom of opportunity, it is the responsibility of the individual family to avail itself of that opportunity by constant effort and savings. Freedom of opportunity and individual effort must be inseparable if we wish to maintain security and insure progress. Under the circumstances, it is natural that life insurance as an institution should have had such a remarkable development and should have become so increasingly important during the past one hundred years.

Through life insurance, New York Life policyholders erect the fortifications of security for their families and for themselves. But not only do the funds of this Company improve and protect the financial position of the individual family; they are at the same time acting in the service of the country as a whole. Before life insurance funds go back from the Company to policyholders or beneficiaries in accordance with the terms of the policy contracts, those funds become available for employment in the economic life of the people in the form of investments or loans. In normal years they help finance the pursuits of peace. In war years they help in winning the war. Indeed, over 54 per cent of all the Company's assets are now invested in United States Government securities helping to finance the war.

The growth and development of the Company during the past half-century are illustrated by these interesting comparisons:

	1894	1919	1944
Payments to Policyholders and Beneficiaries	$15,665,003	$116,174,621	$182,029,816
Number of Policies Outstanding	277,600	1,456,194	3,292,584
Insurance in Force	$813,294,160	$3,127,920,086	$7,644,703,430
Assets	$162,011,770	$961,022,120	$3,570,738,940

THROUGHOUT the years, the Company has recognized that the confidence of its policyholders must be based on a strong foundation of security. Prior to 1899 the Company assumed that it would earn in excess of 4 per cent on highest grade investments and it had been using a 4 per cent interest factor for life insurance premium calculations. However, in 1899, in view of decreased investment yields, the Company adopted a 3 per cent rate for new policies. This change added to an important element of safety behind the Company's future contracts. During the past year, because of the still lower yields which now prevail, the Company has again strengthened its reserve basis by changing its interest rate assumption for new policies from 3 per cent to 2½ per cent.

As we come to the end of our first century, we look back on a long life of service to the greatest of American institutions, the family. And as we enter our second century, we look forward to the opportunity in the years to come of even greater service to the family and the nation.

George L. Harrison
— *President*

STATEMENT OF CONDITION, DECEMBER 31, 1944

ASSETS

Cash on hand or in banks		$38,387,783.54
Bonds:		
United States Government Obligations	$1,939,104,821.00	2,786,704,388.00
State, County and Municipal	60,845,275.00	
Railroad	271,880,886.00	
Public Utility	339,229,311.00	
Industrial and Miscellaneous	70,120,079.00	
Canadian	105,524,016.00	
Stocks, preferred and guaranteed		71,985,551.00
First Mortgages on Real Estate		393,255,289.57
Policy Loans and Premium Notes		188,185,417.76
Real Estate:		
Home Office	$11,927,693.00	35,976,144.08
Other Home Office Properties	1,066,244.78	
Foreclosed Properties under Contract of sale	3,642,692.93	
Other Foreclosed Properties	19,339,513.37	
Interest and Rents due and accrued		24,123,580.78
Deferred and uncollected Premiums (net)		30,692,338.50
Other Assets		1,428,447.51
		$3,570,738,940.74

LIABILITIES

Reserve for Insurance and Annuity Contracts:		
Computed at 3% interest	$712,543,012.00	$2,804,382,010.00
Computed at 2¾% or lower interest	2,091,838,998.00	
Present value of amounts not yet due on Supplementary Contracts		269,919,967.00
Reserve for Dividends left with the Company		164,120,985.30
Dividends payable during 1945		36,070,951.00
Premiums paid in advance		25,484,168.51
Reserve for fluctuations in Foreign Currencies*		4,200,000.00
Reserve for other Insurance Liabilities		22,302,871.38
Estimated amount due or accrued for Taxes		7,782,937.30
Miscellaneous Liabilities		5,617,727.97
TOTAL LIABILITIES		$3,339,881,618.46
Surplus Funds held for general contingencies		230,857,322.28
		$3,570,738,940.74

Of the Securities listed in the above statement, Securities valued at $47,866,889.00 are deposited with Government or State authorities as required by law.

A more complete report as of December 31, 1944, containing additional statistical and other information of interest about the Company, will be sent upon request. A list of bonds and preferred and guaranteed stocks owned by the Company is also available. These booklets may be obtained by writing to the New York Life Insurance Company, 51 Madison Avenue, New York 10, N. Y. This Company has always been mutual and is incorporated under the laws of the State of New York. The Statement of Condition shown above is in accordance with the Annual Statement filed with the New York State Insurance Department.

***This Reserve is held chiefly against the difference between Canadian currency Assets and Liabilities which are carried at par.**

Bretton Woods a Model of International Democratic Action

(Continued from first page)

structions that stifled world trade in the 1930's.

No nation can live in economic isolation. The United States, for example, which is probably as self-sufficient as any country, consumes at home only a part of such basic crops as tobacco and cotton. More than 50% of our cotton and 30% of our tobacco crops must be exported. A considerable part of the output of our important industries is sold abroad. Twenty-two per cent of our office machinery, 17% of our agriculture machinery, 14% of our industrial machinery and automobile production must be exported. If our foreign markets are cut off or reduced, we suffer from unemployment in our industries and a serious reduction in the income of our farmers. And it is no less true that we must buy abroad to secure important raw materials for our industries and goods for our consumers.

Economically, nations live in one world. If this country reduces its purchases abroad, unemployment occurs in other countries; and they, in turn, buy less from us. And if all countries use restrictive and discriminatory devices to limit international trade, as they did in the 1930's, the whole world feels the effect in diminished employment and lowered standards of living.

The Bretton Woods Conference was concerned with the elimination of the unfair monetary practices that were used by some countries in the 1930's. The Conference prepared a proposal for means for international cooperation through an International Monetary Fund. The Fund would set fair standards by providing for stable and orderly exchange arrangements and by requiring countries to allow payment for exports and for other current international transactions. Countries that carry out the purposes of the Fund would secure help from the Fund in maintaining these standards.

No one contends that the Fund alone can restore world trade. Other things must be done. It is important to re-establish the producing power and the consuming power of countries that have been devastated by war. Nearly one-half of the world's trade was formerly done with countries that have suffered from enemy action. A prosperous world economy requires the reconstruction of Europe and the Far East. It requires the development of countries that lack the modern means of production. Our trade has always been largest with countries with high levels of production and consumption, countries like Canada and England. Our trade will benefit from the reconstruction and development of other countries.

The International Bank would help countries to secure the foreign capital they need for productive purposes. The Bank would be concerned to see that loans it guarantees or makes are fair to the lenders and the borrower. Because all countries will benefit from the expansion of world trade resulting from reconstruction and development, all countries share in the risks of the Bank.

The Bretton Woods program is a common-sense way of dealing with two important post-war economic problems. These are urgent problems that cannot be neglected without risking serious international economic disturbances. The Bretton Woods program recognizes them as international problems and it provides for cooperation in securing orderly exchanges and productive international investment.

Calls for Immediate Action

There are people who say that we ought not do anything about stabilizing exchange rates through international cooperation at this time. They say we ought to wait because we don't know what social, economic and political conditions will be like in the next five years. I think that we cannot afford to wait, that if we do nothing we shall have political instability, social unrest and economic depression. Our task is to take the steps now through international economic cooperation to make possible reconstruction and the expansion of world trade.

Of course, the Bretton Woods program will help other countries. But international economic cooperation is much more than a matter of helping other countries. It is just as vital to our own economic well-being. All the contries at the Bretton Woods Conference were concerned with protecting their interests. The American delegation was no less concerned with protecting our interests. But this did not prevent them from working together for international cooperation. And that is the real secret of the achievement at Bretton Woods—44 countries worked together for the common good without in any way neglecting their national interests.

I think this committee will understand that the work of the Bretton Woods Conference more fully if it knows what was done before the Conference and what was done at the Conference. I believe that the work of the Conference was a model of democratic action, an inspiration to free people in all countries who believe that international problems can be solved by the method of discussion and agreement.

During the 1930's this Government was concerned with the growing disorder in international economic relations. Through our reciprocal trade and exchange stabilization agreements determined efforts were made to secure on a bilateral basis a reduction of trade discriminations and the greater stabilization of currencies. Much that was useful was done in this way by Secretary Hull and by Secretary Morgenthau. The forces that were at work in the world to intensify disorder made it impossible to do more than to limit the evils that were growing up about us. It became clear that bilateral agreements were not adequate because they were too limited in scope. What was needed was an extension and broadening of the sphere of international cooperation.

In the Fall of 1941, Secretary Morgenthau asked the Treasury staff to study the international monetary and investment problems that would be faced after the war and to suggest a practical means of dealing with these problems. As a result of this study, a memorandum was prepared recommending the establishment of an International Fund and an International Bank. In the Spring of 1942, this memorandum was presented to the President, who requested the Treasury to continue study of the problems in consultation with the Department of State, the Board of Governors of the Federal Reserve System and other interested Government departments.

A technical committee representing eight or 10 agencies was formed to work on these proposals. The membership of the technical committee was not confined exclusively to technical advisers. An Assistant Secretary of State, an Assistant Secretary of Commerce, at that time Mr. Clayton, a member of the Federal Reserve Board, and other policy-making officials met directly with the technical committee. At a higher level, a committee of Cabinet officers met from time to time with Secretary Morgenthau to review the work of the technicians and to give them further instructions in matters of policy.

In the spring of 1943 the work of the technical committee had progressed so far that a tentative proposal for an International Fund was submitted to the Cabinet committee. With the approval of the President and Secretary Hull, Mr. Morgenthau sent the tentative proposal to the finance ministers of the United Nations for study by their technical advisers. The tentative proposal was also published in the press.

There followed a period of extended bilateral discussions which lasted from June 1943, until April 1944. Some 30 countries sent their technical representatives to these discussions. On occasion, representatives of 3 or 4 countries met together, and once representatives of about 8 countries met to exchange views on the proposed International Fund.

Simultaneously, a tentative proposal for an International Bank was prepared by the technicians and in November 1943, submitted to the Cabinet committee. Again with the approval of the President and Secretary Hull, the tentative proposal was sent to the finance ministers of the United Nations and published in the press.

In the meantime, extended discussions were going on with interested groups in this country—with representatives of banking, business, agriculture and labor, with organizations interest in international problems. As a result of these public discussions, revisions of the tentative proposals were made from time to time embodying suggestions made at these meetings.

In the Spring of 1944, the technicians of various countries approved the publication of a joint statement of principles recommending the establishment of an International Monetary Fund. Considerable progress had also been made in the discussions on the International Bank although no joint statement was issued. Because there was sufficient agreement on principles to warrant a formal conference, President Roosevelt invited the 43 United Nations to an International Monetary and Financial Conference to consider the establishment of an International Monetary Fund and, if possible, an International Bank.

In preparation for the formal conference in July, 1944, a preliminary meeting was held in Atlantic City of representatives of about 15 countries. The principles were expanded and alternative provisions submitted by many countries were discussed informally. It was agreed to present all alternative proposals on the Fund and the Bank to the Conference for its decision. An agenda for the work of the Bretton Woods Conference was also prepared.

A Model of Democratic Action

I have said before that the work of the Conference was a model of democratic action. Let me illustrate. In the American delegation, the President included four Congressional delegates — the chairmen and the ranking minority members of the House and Senate Committees on Banking and Currency. In addition, the chairman and the ranking minority member of the House Committee on Coinage, Weights and Measures were included as advisers to the American delegation. It is worth noting that this was the first of the United Nations Conferences in which Congressional members were included in the American delegation.

All the work of the Conference was made available to the representatives of the press so that they and the public could be fully informed on what was done at Bretton Woods. I know of no proposal considered by the Conference that was kept from the press. Every alternative provision was available to the press in the same form in which it was submitted to the Conference. Members of the United States delegation saw the press daily as spokesmen for the Conference to discuss what the Conference had done.

The press had complete access to every member of the United States delegation and of every foreign delegation. The newspaper men who were present at the Conference, many of whom are now reporting the hearings of this committee, will testify to the thoroughness with which the Conference adhered to the policy of giving the press all the news.

The agenda committee has recommended that the Conference be organized with two commissions, one on the Fund and one on the Bank. Each commission had four committees—on purposes and policies, on operations, on organization and management, and on legal status. The Conference approved this form of organization. Secretary Morgenthau was elected President of the Conference, Mr. White chairman of the Commission on the Fund and Lord Keynes chairman of the Commission on the Bank.

The Conference in its plenary sessions was largely concerned with passing upon the articles of agreement for the Fund and the Bank which were submitted by the commissions. There were opportunities for further discussion of important matters which required the formal action of the Conference.

The detailed work of the Conference was done in the commissions and in the committees. The American delegates all served on the commissions and the committees. I had the honor of leading the American delegation of Commission I. Secretary Acheson led the American delegation on Commission II. The rest of the delegation, including Congressman Spence and Congressman Wolcott, worked with the American delegation on these two commissions.

As you gentlemen know, a conference of 44 countries with some 300 delegates must do its work in committees. The commissions and the Conference can only pass

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March 21, 1945

upon the more important differences of opinion, the greater issues of policies which they must decide. The work of the committees was carefully done. The eight formal committees of the two commissions each had two or three members of the American delegation.

For example, Committee II of the Fund—the Committee on operations of the Fund—had as the American delegates Mr. E. E. Brown, Chairman of the First National Bank of Chicago, Governor Eccles, of the Federal Reserve Board, and Congressman Wolcott. They had attached to them four technicians from the Treasury, the State Department, the Federal Reserve Board and the Department of Commerce. The American members of the committee met every day with their technical advisers to go over the problems that were on the agenda of the committee.

I think Congressman Wolcott can tell you how thoroughly the job was done. Every aspect of every problem was discussed at great length. Every alternative provision was given critical consideration. The arguments that were to be presented to support the American position were reviewed. The members of the committee, working on the basis of the policies adopted by the delegation, had the responsibility of carrying our program through the committees.

Problems that could not be dealt with in these standing committees were assigned by the Commissions to ad hoc committees. The position of occupied countries, dealings with non-member countries, and other questions were assigned to ad hoc committees that brought in their reports and recommendations.

In the last week of Commission I, and later of Commission II, a special committee was appointed to bring in recommendations on all unsettled questions and a drafting committee was appointed to put into final form the provisions adopted by the Commission. I acted as chairman of the special committee of Commission I and I can tell you that on these last troublesome points we sustained the views of the American delegation. Dean Acheson, who was chairman of the drafting committee of Commission II, can tell you of the care with which each provision was drafted after it had been passed upon by the Commission.

The Work of the U. S. Delegation

You will want to know particularly how the American delegation worked. The delegation met in Washington on a number of occasions before the Conference. At the Conference, the delegation met every day and on some occasions two and three times a day, if an important issue required further consideration. There was unlimited opportunity for every member of the delegation to express his views on every issue at all times.

I want you to see how this delegation worked. Every important question was brought to the delegation for discussion and it was discussed in the fullest possible way. Let me give you one instance. When committee II of Commission II considered the limit on aggregate guarantees and loans of the Bank, there were great differences of opinion among countries. The Norwegian delegation wanted aggregate loans and guarantees of six times the subscribed capital of the Bank. The Netherlands delegation wanted guarantees and loans of only 80% of the subscribed capital. And between these extremes there were many other countries with differing views.

Within the American delegation there were a number of opinions on this question. Some delegates believed that the Bank could safely undertake loans and guarantees amounting to three times its capital. A large number of delegates believed that loans and guarantees should be limited to one and one-half times the capital of the Bank. And perhaps the largest number felt that the loans and guarantees of the Bank should be limited to the amount of the capital. We discussed the question in the delegation for at least two days. Nobody doubted that the Bank could safely undertake larger obligations on the basis of its capital. But we were determined that every doubt should be resolved in favor of conservatism, and the delegation agreed to limit the loans and guarantees of the Bank to the amount of unimpaired capital, surplus and reserves. And that is the view that was carried at the Conference.

I could cite a number of other instances in which the American delegation considered the questions before the Conference. Always there was the fullest discussion. Always there was the greatest attention to the views of the Congressional members of the delegation. And always there was unanimous agreement on every major issue. The American delegation worked as a team—the way Americans should work on international questions — without any question of partisanship.

You know that in every Conference there are bound to be differences of opinion and these differences must be reconciled. There can be no benefits to anybody from a prolonged and bitter debate between the United States, England, Russia, China, France, and the other countries on issues that could be settled by discussion and negotiation.

U. S. Delegation Took the Lead

The United States delegation took the lead in ironing out these problems that were troubling some countries. The delegation appointed a steering committee, of which I was chairman, and that committee included Congressman Wolcott, Mr. Acheson and Mr. White. Congressman Wolcott and I were delegated as a subcommittee of two to settle some of the troublesome issues, acting for the steering committee within the framework of our instructions from the whole delegation.

That is the way the delegation worked. Our point of view was agreed and agreed unanimously only after the fullest discussion. No views were more eagerly sought than those of the Congressional delegates. And I recall clearly that in presenting the attitude of Congress, no one was more forceful or more helpful than the chairman of this committee, Congressman Spence.

One of the most encouraging features of the Bretton Woods Conference was the fine spirit with which countries worked together. We had a number of problems on any of which irreconcilable differences might have developed. This did not happen because all countries showed a willingness to accommodate themselves to the general views of the Conference.

Let me illustrate. The question of quotas was one of these difficult problems. The American delegation discussed and approved a tentative list of quotas for the Fund. These quotas were discussed informally with each country to get its views. Finally, the quota committee, of which I was chairman, submitted a recommendation on quotas which was approved by the Commission. There were some countries that were not satisfied with their quotas, but the Conference sustained the report of the quota committee as generally fair to all alike.

Most requests for larger quotas were a reflection of the desire of the countries to maintain their prestige. Several countries were particularly interested in securing large enough quotas to give them or their region representation on the Executive Directors. That was true of the American Republics who wanted two directors and it was true of the Netherlands and Belgium who wanted one director between them. There were only a few cases in which countries wanted larger quotas because they believed it would give them greater opportunity to use the resources of the Fund.

The problems of subscriptions to the Bank was a little more complicated. We had expected that aggregate subscriptions to the Bank would be about $9 billion, reserving $1 billion for other countries. We realized that it would be necessary to revise downward the subscriptions for some countries in the Bank as compared to their quotas in the Fund. This was a simple reflection of the fact that many of the Latin American Republics and some other countries could not undertake to be guarantors of international loans to the extent of their participation in the Fund. And our delegation approved a subscription of $3 billion to $3¼ billion for the United States to keep the total subscribed capital at $9 billion.

When the Soviet delegation reported that the Soviet Union had such large reconstruction problems of its own that it could not subscribe more than $900 million to the capital of the Bank, we accepted their view. Under the circumstances, the subscribed capital of the Bank had to be the same as the Fund, that is $8.8 billion. On that basis our subscription was fixed at $3.175 billion. When on the last day of the Conference the Soviet delegation informed us of the instructions they had from their Government to increase the subscription of the Soviet union, the American delegation met to consider this question. We agreed that it would now be possible to raise the subscribed capital of the Bank to as much as had been originally intended, that is $9 billion. It was also agreed that it would be better at this stage to let the Soviet subscription increase the aggregate subscribed capital to $9.1 billion. Acting for the American delegation at the plenary session, I introduced the resolution to reopen the subscriptions to the Bank and to give the Soviet Union the opportunity to increase its subscription from $900 million to $1200 million.

This is one dramatic instance that reveals the harmony and the spirit of cooperation that was manifested throughout the Conference. This is one of the many reasons why I feel that the Bretton Woods Conference is an inspiration to free people in all countries who believe in the democratic process of discussion and agreement, who believe that international problems can be dealt with through international cooperation.

The Monetary Fund and the International Bank represent our first efforts in the field of international economic cooperation. If we believe in economic cooperation we must not allow them to fail. If we cannot agree on such modest efforts as these, other nations will have little faith in our will to cooperate at all.

No country in the modern world can live in peace and prosperity in economic isolation. Without economic peace there can be no political peace. Economic isolationism is as dangerous to world peace as political isolationism. Indeed without economic cooperation among the nations there is little hope of lasting political cooperation. Nations which cannot work together to provide for order and stability in their economic relations are not likely to be good guardians of the peace.

I hope our Congress, the first legislative body to pass upon the Bretton Woods Agreements, will show other countries that we believe that international problems can be dealt with through international cooperation.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Transfer of the Exchange membership of A. O. Van Suetendael to Edward G. Platt will be considered by the Exchange on March 29. It is understood that Mr. Platt will act as an individual floor broker.

Transfer of the Exchange membership of the late Marius A. Charavay to George F. Robb will be considered on March 29. Mr. Robb will continue as a partner in Stevens & Legg.

Privilege of Joseph A. Martin, Jr., to act as alternate on the floor of the Exchange for H. Van Brunt McKeever, of Goodbody & Co., was withdrawn on March 19.

Privilege of Alfred I. Preston to act as alternate for Ormsby M. Mitchel, Jr., of Mitchel, Whitmer, Watts & Co., will be withdrawn on March 31.

John J. Boyd retired from partnership in Shearson, Hammill & Co. on March 12.

Inquiry Into Stock Market and SEC Sought By Rep. Marcantonio

Representative Vito Marcantonio, American Labor Party, of New York, said on March 14 he was preparing a resolution seeking a Congressional inquiry into current stock market activity and Securities and Exchange Commission controls; in indicating this Associated Press advices from Washington on March 14 added:

His resolution, he told a reporter, would authorize inquiry into the role played by the S. E. C. in preventing inflationary market trends.

This announcement is not an offer to sell or a solicitation of an offer to buy these securities.
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Pittsburgh Bond Club Annual Meeting Today

PITTSBURGH, PA.—The Bond Club of Pittsburgh is holding its annual meeting today at the William Penn Hotel, in the Cardinal Room, at 6:30 p.m.

The nominating committee has presented the following slate:

President: Robert C. Schmertz, Phillips, Schmertz & Co.

Vice-President: S. W. Steinecke, S. K. Cunningham & Co.

Secretary: Albert J. Metzmaier, Jr., Union Trust Co.

Treasurer: Bernard C. Kelley, Halsey, Stuart & Co.

Board of Governors: G. Clifford Bodell, Young & Co., Inc., for one-year term; J. Ray Baldridge, Moore, Leonard & Lynch, and Frank T. Sturek, Union Trust Co., for two-year terms.

Farr & Co. To Admit

John Farr will become a partner in Farr & Co., 120 Wall Street, New York City, members of the New York Stock Exchange, on April 1.

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Railroad Securities

Southern Pacific common has been rather laggard in recent markets and many rail men are again disposed to look upon it as one of the most attractive rail equities in the group below investment caliber. The stock has now been established on a regular $3 annual dividend basis and certainly at least so long as the Pacific war lasts this rate should be well covered by earnings. In 1944 the company, despite its heavy tax burden, reported earnings of close to $10 per share and 1945 results should not be far from this figure. In fact if the road takes advantage of the tax benefits possible from redemption of premium bonds the earnings may be even higher in 1945 than in 1944. The dividend of $3 a share affords a return of 7.14% on the recent market price of 42.

Southern Pacific was fairly early to start on a program of debt reduction, stimulated by the pressing necessity for eliminating the substantial near term maturities. To all intents and purposes the maturity problems may no longer be considered as cause for apprehension. In the process of eliminating these maturities fixed charges have also been reduced substantially. They now stand at around $23,000,000 compared with over $31,500,000 ten years ago.

As net current assets at the 1944 year-end were in excess of $80,000,000 and the company showed investments in other than affiliated companies of more than $25,000,000 (mainly represented by Government bonds), there is little question but that there will be a further reduction in debt and charges in the current year. In fact, it is generally expected that a start will be made in the near future towards reduction, through call for partial redemption, of the largest remaining system bond issue, the Southern Pacific first refunding 4s, 1955. A reduction in charges to between $20,000,000 and $21,000,000 before the war boom is over certainly does not appear as too optimistic an expectation. Such a reduction would represent an aggregate saving equivalent to almost $3 a share on the stock, before adjustment for Federal income taxes.

Even without any further reduction in fixed charges, and after allowing for the new charge for depreciation of way and structures, it is indicated that the road could earn close to $7 a share after taxes on the basis of a return to 1941 operating conditions. There is fairly general agreement among economists and railroad analysts that for some years after the war railroad traffic and revenues will hold at least to the 1941 levels, and perhaps higher. This is based on the huge backlog of demand there has been built up for civilian goods, the large amount of savings with which to purchase these goods, and the necessity for moving freight to feed and rehabilitate the war ravished sections of the world.

Aside from the general considerations affecting the general railroad outlook, and the improvement in Southern Pacific's status due to reduction in debt and charges, railroad men point with enthusiasm to the territorial advantages enjoyed by the road. Even before the war exerted its distorting influence on our transportation plant, Southern Pacific was showing a better-than-average trend of revenues. It is the dominant railroad in California and California over a period of years has been experiencing a population growth way out of line with that of the rest of the country. This has also been true of other states of the Southwest where the company operates. Along with the population growth there has been a trend away from strictly agricultural and mining pursuits to industrial activity.

The industrialization of the western sections of the country has been stimulated by the war demands on our entire manufacturing plant. Some of this most recent growth is admittedly of a temporary nature and will presumably be abandoned after the war stress is over. A large part, however, is of a permanent nature and will remain as a long-term accretion to the general economy of Southern Pacific's service area. The new steel industry and aircraft manufacturing are particular cases in point. Thus, the outlook is promising for a continuation of Southern Pacific's favorable trend after the war. Rail analysts believe that this factor has not as yet been reflected in the market for the stock.

Moore, Leonard & Lynch To Admit Two Partners

PITTSBURGH, PA. — Moore, Leonard & Lynch, Union Trust Building, members of the New York and Pittsburgh Stock Exchanges, will admit Thomas Lynch III and James Jewett Turner Wells to partnership in the firm as of today.

Mr. Lynch's admission to the firm was previously reported in the "Financial Chronicle" of March 15.

The Battle of Bretton Woods

(Continued from page 1259)

every kind. When World War I ended, you were three years old. You personally remember nothing of the international cooperation that followed the big Armistice. You probably have never heard of the billions this country lent abroad in the 1920's, or of the defaults which followed that lending.

As the typical American, you live in Indiana, 550 miles from Washington; and Bretton Woods, New Hampshire, is about 900 miles away from you. So you may feel that you do not know as much as you ought to know about the Bretton Woods Agreements, which the newspapers and radio have been mentioning so much, all of a sudden.

The Agreements

In this short broadcast, I can tell you only a little about those Agreements, which fill nearly 100 pages with legal and financial phraseology. Even in moneywise London experts are arguing heatedly about the meaning of Bretton Woods; warning their own people and us that it is foolhardy to hurry into a plan, the leading members of which have diametrically different interpretations of what it means.

The ancestors of the Bretton Woods program were drawn up by "technicians" in the U. S. Treasury and by Lord Keynes and his staff in London. At various times technicians of other governments were consulted; at first only informally, later more formally. In the end, the experts' program for monetary and financial stabilization was publicly unveiled in London and Washington. To consider that program—but only that program—the United States Government last summer convoked at Bretton Woods a full-dress intergovernmental conference of forty-four United and Associated Nations. That conference was not at the technicians' level, but at the political level; and political forces distorted somewhat the carefully measured scheme of the experts.

While the Bretton Woods Agreements reflect the wishes of militarily important countries, basically they constitute a marriage of the original, and in important respects, incompatible British and American plans.

The Proceedings

At Bretton Woods, as I have mentioned, there were forty-four national delegations. All were heard; but actually, a few big governments dominated the proceedings. There was our own large delegation, headed by Secretary of the Treasury Morgenthau. There was the British delegation under Lord Keynes. And there were the Chinese, who padded their already unnecessarily large contingent with a miscellaneous personnel because of the prestige which they imagined mere numbers would give.

Also, there were many small delegations. Guatemala's, for example, consisted of only a single university student; Guatemala's lonely technician. I recall that one of the busy Russian delegates commented a bit enviously that delegates of the smaller countries could enjoy their holiday at Bretton Woods, swimming in the outdoor pool, and playing golf and tennis, while the big countries worked.

Just what is a Bretton Woods technician? He is an official who buys and sells foreign currency for his Treasury; a man who can pick up the overseas phone and lend a few million dollars to stabilize some troubled currency abroad. The Civil Service rolls probably call him an economist. He is most likely a former college professor. He may or may not have a passion for anonymity, but a passion he certainly possesses; for his is the power and the glory—and the salary, incidentally, is not at all bad compared with what the university used to pay.

The Bretton Woods conference agreed to submit to the governments, although without any recommendation, the two Agreements, one for an International Monetary Fund; the other for an International Bank for Reconstruction and Development. That is the program which is now being highpressured in Congress and throughout the country.

The Fund would make loans to its members for currency stabilization; short-term loans presumably, but not solely.

The Bank would make or guarantee long-term loans, maturing sometime around 1980.

If the monetary unit of China, for example, showed weakness, that country, as a member of the Fund, could apply to the Fund for relief. If Russia wanted to build a dam, or Mexico a highway, they would presumably receive long-term assistance.

In the Fund and the Bank, at the start, the principal assets would be the dollars which the United States would pay in. Our total commitments would be about

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$6,000,000,000; although the Fund and Bank both would be enabled by the terms of the Agreements to apply to us for more dollars later. Our **legal** commitment would approximate $6,000,000,000. Our **moral** commitment, as the prime authors of the plan and as the too anxious hosts at Bretton Woods, no one can measure.

The Administration's Arguments

The Administration is very proud and extremely earnest about the plan. Many able spokesmen have been working both days and nights to get the plan adopted. They say Bretton Woods is the first test of our willingness to cooperate for an enduring peace.

Indeed we are told lasting peace is not possible at all without this Fund and this Bank; that Congress must approve Bretton Woods before the San Francisco International Conference meets next month; or at the very least, before the San Francisco meeting is concluded.

Secretary Morganthau has frankly undertaken to "sell" the program to the Nation. And by "selling," he doesn't mean any half-way publicity measures. He has employed a publicity man, solely to promote Bretton Woods.

For months there have been articles by advocates of the Fund and Bank in all sorts of public and private publications. Thousands of reprints of these articles have been distributed.

Columnists and radio commentators have taken lunch with the Treasury's Secretary, with Bretton Woods served for desert. The movies have not been overlooked. Government speakers have been dispatched to all parts of the country to address any group willing to listen. On one recent occasion, the mountain was brought to Mohammed, when 106 pressure groups were invited to send representatives to an all-day lecture course in Washington.

The Opponents of the Plan

You may wonder, has this program any opponents. For a long time there were not, but now you can hear them get up an argument on Bretton Woods at the drop of a hat.

The most conspicuous skeptics are bankers. This isn't so hard to understand, because bankers cannot get used to the idea of a lending institution in which our dollars are lent by a board of directors on which the borrowers with bad debt records themselves sit. Also, many bankers—and others too—object to the Fund since, as they see it, the borrowers would have an automatic right under very flexible safeguards to borrow within more or less arbitrary quotas. When bankers are against something, it is popular here to argue that **that** something must be good. Somewhat like the Jews in Hitler-Germany, the bankers are a handy whipping boy here. And do not think that the advocates of Bretton Woods don't know it.

Because foreign exchange and investment is something which certain bankers know better than any other group of taxpayers, the two reports issued by various bankers' committees last month deserve examination on their merits. The authors of those reports, it may be noted in passing, while criticising the proposed Fund, endorse the Bretton Woods Bank. And they also endorse other lending proposals of the Administration.

Unfortunately, high Treasury officials have taken the eye off the ball by questioning the motives of bankers and others who oppose the Bretton Woods Fund. They state or imply that such opponents are a small and unrepresentative group of Wall Street international bankers who seek, if not profits from speculating in exchange, then power.

When the American Bankers Association has to decide a problem involving savings banks, they naturally appoint a committee of savings bankers to make a study and report. So with Bretton Woods; the bankers naturally appointed committees of members familiar with international exchange. Those committees contained bankers from all parts of the country. Only nine of the forty-two A.B.A. committee members were New York bankers.

So I repeat; what those committees had to say about Bretton Woods should be examined dispassionately and not elbowed aside with appeals to emotion, such as we have been hearing. Believe it or not, Bretton Woods supporters have searched as far back as 1913 to support their statement that bankers are blind and unprogressive when they do not support the Bretton Woods program; progressive when they do it. They tell us that bankers opposed the Federal Reserve Act; that they opposed Federal Deposit Insurance. Well, if the bankers' association or its committee did oppose deposit insurance, so did Senator Carter Glass; and so did Franklin D. Roosevelt.

The bankers did not poll the nation's 15,000 banks before making their Bretton Woods report. At the same time other organizations have come out for Bretton Woods without having polled their memberships.

The Outstanding Points of Program

You can see that the Bretton Woods debate in Washington is getting derailed. The country is interested in the meaning of Bretton Woods and not in motives and personalities, which only confuse the issue.

Here are the outstanding points about the Bretton Woods program:

(1) Both the Fund and the Bank would lend American dollars abroad; would stimulate foreign purchases of our goods with our money. By lending dollars, the Fund aims to eliminate so-called "currency wars". It seeks international trade balanced at a high level; not by Bulgaria's accepting payment for its exports in the form of harmonicas and aspirin, but by the United States, the world's banker, either taking the harmonicas and aspirin, or else not getting paid in full.

(2) The Fund and Bank would stimulate our exports; would make jobs here. They would contribute toward the so-long-sought goal of full employment in the years just ahead.

(3) The Bretton Woods bill would, for most countries, repeal our Johnson Act of 1934, the Act prohibiting foreign governments not up-to-date on their debts to our Treasury from borrowing more money in Wall Street. This repeal would make possible the outflow abroad of billions of American private capital, for investment in new foreign bonds.

Such an outflow of money eventually would far exceed the $6,000,000,000 to which, under the bill, our Government would be committed.

The Real Objectives

(4) Viewed in perspective, the Fund and Bank are only a small part of a much vaster plan to lend and lend-lease abroad. The Export-Import Bank is certain to be expanded severalfold. And private businesses are being urged to extend credits and invest abroad and so to make exports and jobs for workers. The Undersecretary of Commerce has made the incredible observation that we can go on making "well-conceived" foreign investments indefinitely—something like Tennyson's brook — without ever bringing repayment home.

Postwar lend-lease commitments totalling a rumored $20,000,000,000 and on thirty-year repayment terms, are under consideration, and the first such loan, to France, has actually been announced; with a clause providing for practical cancellation if repayment becomes inconvenient.

(5) These enormous Government export plans, which in most respects are unopposed if not actually endorsed by leading agricultural, labor, manufacturing and banking organizations, constitute an unthought-through plan for trying to make prosperity. Unless our tariffs are materially reduced, there will not be the remotest chance that we can recover all we put into this great lend-and-export boom.

Such a dreamer's program of making jobs will cover up the basic economic problem of postwar America and the postwar world. For a few years it may give us the semblance of prosperity. But, if the outside debtor-world this time makes a real effort to repay the loans, there will still be the insuperable obstacle of America's tariff policy.

For example, if we lend China the additional billions which some Chinese leaders want for that country's industrialization, and, if thereby China's coolie labor is enabled to lay electric light bulbs, vacuum cleaners, sheets, bicycles, radios and whatnot behind our tariff walls, shall we welcome that development? Will our labor leaders who are now supporting the idea of big foreign loans, and our manufacturers close down gracefully?

Not on your life. They will even object to Chinese cheap-labor competition in our export markets.

This tremendous lend-and-export program is not a plan. It is a half-plan which, a writer in the February issue of Harper's Magazine strikingly argues, "can only lead us to World War III; rather than to the promised peace."

Perhaps there is no satisfactory solution. Maybe there is no **easy** escape from the painful readjustment from the exertions of global war to peaceful employment. If Bretton Woods loans would help us make five or six million jobs for Americans, we need to find out at what cost to us in depleted natural resources. And we need to know something about the lend-lease and other plans for distributing our taxpayers' dollars, your dollars, through political bodies in exchange for foreign I.O.U.'s with escape clauses.

Even Dr. Harry White, Assistant Secretary of the Treasury, before he joined the Government service, stated: "The assumption that capital exports benefit both the lending country and the world at large is not unassailable . . . capital exports are not always beneficial to the exporting country. . . ."*

It looks like this whole proposition should be carefully thought through, lest it fall through.

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*Harry D. White, The French International Accounts 1880-1913; Harvard Economic Studies; Cambridge, 1933, page 311.

Oppose Selling Government-Held Surplus On "As Is, Where Is" Basis

A Senate small-business subcommittee on March 13 called for abandonment of the policy of selling Government-held surplus consumers' goods on an "as is, where is" basis. According to the Associated Press, the report, submitted by Chairman Tom Stewart (Dem.-Tenn.), declared the practice, inaugurated by the Treasury Department, had worked to the detriment of small business men and to the advantage of speculators. The report also stated:

"The broad channels of normal trade numerically dominated by small business were not used to the fullest extent to move goods rapidly to the consumer," the report said. "This was true because goods frequently were disposed of in large lots which could not be absorbed by small business, even in the wholesale trade. The methods of advertising and notification of sales were not adequate to properly inform small business of available surpluses."

The press advices further said:

To facilitate disposal of goods in short supply, the Committee recommended sale of goods in lots small enough for small business men to handle; widespread advertising of sales; broader use of samples; delivery of goods as advertised; refunds to unsatisfied purchasers; extension of normal trade credit and "establishment of a reasonably uniform pricing method with the use of fixed prices adjusted to the various distributive levels in many instances.

Business Man's Bookshelf

Bretton Woods Agreements, The—Economic Consequences of Mr. Keynes—V. O. Watts, in "The Economic Sentinel"—Los Angeles Chamber of Commerce, 1151 South Broadway, Los Angeles 14, Calif.—paper.

Louisville Industrial Foundation, The—A Study in Community Capitalization of Local Industries—Ernest J. Hopkins—Federal Reserve Bank of Atlanta, Ga.—paper.

Railroad Social Insurance—Favored Treatment versus Uniform Social Insurance—Rainard B. Robbins — American Enterprise Association, Inc., 4 East 41st St., New York 17, N. Y., and 1409 L Street, N. W., Washington 5, D. C.—paper—50c.

Granger a Director

Jeffrey S. Granger, of Sulzbacher, Granger & Co., 111 Broadway, New York, has been elected a director of Sentinel Radio Corporation of Evanston, Ill.

All of these shares having been sold, this advertisement appears as a matter of record only, and is neither an offer to sell nor a solicitation of an offer to buy any of these securities.

NEW ISSUE March 21, 1945

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

There has recently been published a helpful and comprehensive book of about 150 pages, which should be welcomed by all serious students of bank stocks, whether they be security analysts, bank stock dealers, bankers or investors. Its title is "The Banking Industry and the Position of Bank Stocks from the Viewpoint of the Investor," and the author is *Warren C. Heidel. According to its "Foreword" it was developed from a thesis written in partial fulfillment of the requirements of the Graduate School of Banking conducted by the American Bankers Association at Rutgers University.

The book is divided into 13 chapters, is well fortified with tables and charts, and includes an interesting bibliography. Chapter titles are as follows: I The Nature of the Banking Business; II Determinants of Bank Profits; III Sources of Revenue for Banks; IV Expenses of Banks; V Recoveries, Profits, Losses and Charge-Offs; VI Characteristics of Bank Stocks; VII Changes in the Money Market, March 4, 1933 to Date, Particularly as They Affected the Banks; VIII Other Events of the Period, March 4, 1933 to the Present Time Which Affected the Banks and Their Stockholders; IX Effects Upon the Banks of the Changes Which Took Place Between March 4, 1933 and Early 1944; X Factors to be Considered in the Comparative Analysis of Bank Stocks; XI Comparative Analysis of Bank Stocks; XII A Look Into the Future; XIII Conclusion.

In the first chapter, such fundamental and elementary matters as stockholder's equity, earning assets, and leverage are simply presented and illustrated with clear examples. The importance of the maturity schedule of a bank's portfolio of Government securities to its earnings is discussed as well as other factors that are among the major determinants of bank earnings. The author states that "The main sources of revenue of banks are in this order: (A) Interest and dividends on securities; (B) Interest and dividends on loans. Other sources—principally Trust Departments — produce a fair amount of gross in some banks, but the net is a small factor."

It will be noted that "interest and dividends on securities" are put in first place as a source of revenue. This is certainly true for today, but it was not so only a few years ago. The change has come about by reason of the extraordinarily large amount of Governments now held by the banks as a result of an extended program of "deficit financing," not only during the war, but in the several years of "New Deal" financing which preceded the war. On this point it is of interest to cite from an arlier book on bank stocks, written in 1935 by F. L. Garcia, former statistician for Hoit, Rose and Troster, New York, and entitled "How to Analyze a Bank Statement." In discussing "Loans and Discounts," Garcia points out on page 26, that these are normally the largest of a commercial bank's earning assets and usually the most profitable.

In a chapter devoted to the characteristics of bank stocks the author makes the following interesting statements: (1) "The stocks of at least 23 American banks have sufficient marketability for average investment purposes." (2) "New York City bank stock prices, in the past 12 years, have fluctuated in almost as wide a range as have the Dow-Jones Industrial Averages." (3) "Bank stocks are currently selling in an historically low range in relation to Book Value." (4) "They are selling at historically low dollar prices." (5) "They are selling on historically high yield basis in relation to high grade bonds."

Three of the chapters deal with such basic monetary matters as inflation of the credit base, open market activities, inflow of gold, Federal Reserve policies, etc., as well as such legislation as the Banking Acts of 1933 and 1935, the Gold Reserve Act, Securities Exchange Act, and others. The effect upon the banks of this legislation and of various regulative actions is discussed.

Chapters X and XI should prove of particular interest to those who delight in analyzing the banks' statements and operating reports, for all the essential factors and ratios are quite adequately explained, and the relative significance of each pointed out. An excellent set of forms for setting up comparative analysis is presented.

In a particularly significant chapter the author attempts to look into the future, and his look indicates that deposits will continue to increase, during and after the war; that commercial banks will have to absorb Government obligations which are now owned by individuals and corporations; that there will be a great movement of deposits from some sections of the country to others; that money rates are apt to remain stable, and that there is likely to be an increase in the demand for loans.

In his final chapter, entitled "Conclusion," the author refers to the banking industry as presenting a unique situation for consideration by the investor, and closes his thesis as follows: "Never before in history has it been possible, to the writer's knowledge, to participate in an equity which will be only very slightly affected by general business conditions — the main determinant of whose potentialities is the volume of investments, which is controlled by the necessary deficit financing of Government."

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Some Problems of Reconversion

(Continued from page 1264)

the world and would destroy the effectiveness of the schemes for world peace and world economic collaboration. Quoting from the "Herald Tribune" statement, Mr. Bowles contended that "considering all the resources at America's command, a half-hearted attack on these problems would appear ludicrous to the rest of the world." Failing to attain effective results in the transition period, this country, he added, could very easily slip into a form of belligerent nationalism, inconsistent with its professed tolerance for other nations, while the remainder of the world would probably go collectivist, he asserted.

Though making the reconversion problem a world issue, Mr. Bowles called attention to the domestic difficult of reemploying 15,000,000 of returning veterans when many plants will be undergoing reconversion; when large surpluses of materials will be thrown on the market, and when shortage of civilian supplies will increase the inflation pressure. He expressed the belief, however, that because of our large resources and the flexibility of our economy, these problems could be successfully met, provided there was courageous cooperation of private business with the Government. He warns against a frightened attitude of business men when viewing the conditions facing them in the transition period.

According to the 'Herald-Tribune" report, in discussing the matter of post-war inflation, "Mr. Bowles asked his listeners to remember that 45% of the rise in prices incident to the World War had occurred after the Armistice, when there was a scramble for inventories of scarce commodities. He predicted that a similar scramble would ensue after the present war, which could be mitigated only by achieving the fullest possible employment in the shortest possible time and by the maintenance of price control until evidences of inflation have disappeared.

The problem of reconversion as a whole Mr. Bowles, pointed out, will be far more serious than after the last war, because more than one-half of our industry is now engaged in war production, against only 25% in the last war.

According to the "Herald-Tribune's" correspondent's account, Mr. Bowles, while admitting that the American public was tired of Government controls and regulations expressed the opinion that price controls and production regulations will be required for a period after the war, and, in answer to an inquiry, he stated that there were already "blueprints" of the OPA plans, but that the policies had changed from several months ago. He declined to say in what respect these policies have been changed, and whether it was planned to maintain prices in the post-war period as near to pre-war levels as possible.

Speaking before the New York Credit Mens' Association on the same subject as Mr. Bowles, Mr Leo Cherne, Executive Secretary of the Research Institute, expressed similar views, regarding the outlook for the transition period from war to peace. He warned of the dangers that may arise from a sudden termination of Government war contracts and urged that steps be taken to bring about the earliest reconversion "consistent with actual military needs." He emphasized that "cut backs" should be gradual. He viewed the inflationary menace as serious in the immediate post-war and transition period, because of the critical shortage of civilian goods and the swollen incomes of the workers. He expressed opposition to the "work or fight" bills, saying they are unnecessary and predicted that in order to maintain or raise wage levels, workers will use the weapon of the strike in the post-war period.

Royal Bank of Scotland
Incorporated by Royal Charter 1727
HEAD OFFICE—Edinburgh
Branches throughout Scotland
LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
£115,681,681
Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital __________ £8,780,000
Reserve Fund __________ 6,150,000
Reserve Liability of Prop.__ 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1944 __________ £208,627,093
SIR ALFRED DAVIDSON, K.B.E., General Manager
Head Office: George Street, SYDNEY
The Bank of New South Wales is the oldest and largest bank in Australasia. With branches in all States of Australia, in New Zealand, the Pacific Islands, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.
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NATIONAL BANK of EGYPT
Head Office Cairo
Commercial Register No. 1 Cairo
FULLY PAID CAPITAL . £3,000,000
RESERVE FUND . . . £3,000,000
LONDON AGENCY
6 and 7 King William Street, E. C.
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EGYPT and the SUDAN

NATIONAL BANK of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar
Subscribed Capital____£4,000,000
Paid-Up Capital_______£2,000,000
Reserve Fund_________£2,200,000
The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

Laclede Gas Light Co. Bonds and Common Stock Offered Publicly

Common stock and first mortgage bonds of Laclede Gas Light Co. were offered publicly March 21 by two groups of underwriters.

One headed by Lehman Bros., Goldman, Sachs & Co. and The First Boston Corp. offered 2,165,296 common shares (par $4) at $5 per share. The other, headed by Halsey, Stuart & Co., Inc., offered $19,000,000 first mortgage 3½% bonds, series due 1965, at 102¼% and accrued interest from Feb. 1, 1945.

Associated with Halsey, Stuart in the bond offering are: A. C. Allyn & Co., Inc.; Blair & Co., Inc.; Central Republic Co.; Coffin & Burr, Inc.; Hallgarten & Co.; Hornblower & Weeks; Merrill Lynch, Pierce, Fenner & Beane; Otis & Co., Inc.; Paine, Webber, Jackson & Curtis; L. F. Rothschild & Co.; Schoelkopf, Hutton & Pomeroy, Inc.; Spencer Trask & Co.; Wertheim & Co.; Equitable Securities Corp.; Graham, Parsons & Co.; Hayden, Stone & Co.; The Milwaukee Co.; E. M. Newton & Co.; H. M. Payson & Co.; Ballou, Adams & Co., Inc.; The Bankers Bond Co.; Bioren & Co.; Cohu & Torrey; Hirsch & Co.; Edward D. Jones & Co.; Laird, Bissel & Meeds; Metropolitan St. Louis Co.; Newhard, Cook & Co.; F. L. Putnam & Co., Inc.; Reinholdt & Gardner; Schwabacher & Co.; I. M. Simon & Co.; Stix & Co.; Walter Stokes & Co.; and Woodard-Elwood & Co.

Additional members of the group offering the common stock are: Eastman, Dillon & Co.; Harriman Ripley & Co., Inc.; Kidder, Peabody & Co.; Stone & Webster and Blodget, Inc.; Laurence M. Marks & Co.; Lee Higginson Corp.; Burr & Co., Inc.; J. S. Bache & Co.; Baker, Weeks & Harden; Ball, Burge & Kraus; J. C. Bradford & Co.; Richard W. Clarke & Co.; Julien Collins & Co.; Courts & Co.; A. G. Edwards & Sons; Farwell, Chapman & Co.; Hamlin & Lunt; W. L. Lyons & Co.; Maxwell, Marshall & Co.; E. W. & R. C. Miller & Co.; Mullaney, Ross & Co.; Piper, Jaffray & Hopwood; Prescott & Co.; Wm. C. Roney & Co.; and Stifel, Nicolaus & Co., Inc.

The bonds were awarded at competitive bidding at 100.52 and the stock was purchased from Ogden Corp. at $4.44 per share.

In Time of War Prepare for Peace

(Continued from first page)

gan: "In time of war prepare for peace."

Our Nation and all the United Nations are engaged now in the greatest war in all history. I think it is true beyond question that none of those United Nations desired this war, and it is equally true that none of them were prepared for it. In spite of the obvious preparation of the Nazis in Germany and the War Lords in Japan for an aggressive war toward which they were looking, the peace-loving nations were so anxious to avoid war that they were unwilling to gird themselves by suitable preparation either to avoid it or to defend themselves when it should come. This is certainly true of the United States and of Great Britain, and of Russia, and of China, and it is equally true of the victims of aggression located nearest the seat of danger.

All of our national energies and all of the cooperated energies of the United Nations are now concentrated on the winning of this war and the defeat of the brutal aggression which has accompanied it at the earliest possible date and in the completest manner. It would be stupid to consider any other program at present except the total defeat and the total surrender of the Nazis and the Japanese and all that they represent, both in theory and in practice.

There is no alternative that any sensible or patriotic American can contemplate.

However, the necessity for the earliest and most complete victory over our enemies should not be allowed to blind us to the obligation which confronts us as a nation and as a world to bring out of this war the organized processes by which a similar cathastrophe may be avoided in the future.

It would be futile to occupy your time and mine in recounting our mistakes in this regard in past years unless we may profit by them. It has always seemed strange to me that in this Christian world and this Christian era of man's history mankind could not organize for peace as well as for war. Indeed, organize for peace instead of war; and if we have not learned our lesson by our present experiences, it would be difficult to understand what sort of disaster might overcome the people of the world that would teach them that the world should organize for peace instead of war. The attempt to do this in various parts of the world and in various stages of human history I need not now attempt to recount. The most notable effort previous to the present program occurred, a quarter of a century ago. That effort failed. It failed in this country because, unfortunately, the issue became involved in partisan politics. I say this without impugning the motives of anybody or questioning their sincerity. Nevertheless, it did happen.

World Organization Above Party Politics

Fortunately, we have sought, and thus far succeeded, to lift the proposal for world organization for peace above the petty considerations of partisan politics, and we have sought to elevate it to the high level of consideration which embraces all political faiths, all colors, all creeds, and all nationalities.

This has been the spirit in which the Dumbarton Oaks proposals were conceived and carried out. Under the leadership of Secretary of State Cordell Hull, Democrats and Republicans in equal number were constantly in conference in a solemn effort to work out a program which would not only meet the approval of the American people, but which would also find support among all the United Nations and would be effective in accomplishing the purpose for which it was intended.

Following these preliminary conferences and efforts, running through a period of more than a year, the Dumbarton Oaks conference was initiated, and the results of that conference have been made public.

It was impossible in these preliminary stages to have all of the United Nations represented at that conference. It was obvious then and is obvious now that certain great and powerful nations upon which rests the responsibility of defeating the Nazi program would have to assume responsibility of first proposing a world organization that would avoid another similar infliction upon mankind. The Dumbarton Oaks conference for six weeks labored in the spirit of solemn responsibility and in a desire to produce a program that would save humanity from another war. I feel that all those who participated in it, without regard to politics or nationality, are entitled to the commendation and the thanks of all lovers of peace for producing a formula around which it may be possible for all the United Nations and, ultimately, the whole world to rally.

Formula of World Organization Not Perfect

This formula was not perfect and cannot be expected to be perfect when it is submitted to the San Francisco Conference, or when it emerges from that conference. No human document that ever formed the basis for cooperative action among peoples or nations was a perfect document. The Constitution of the United States, under which we have lived for a hundred and fifty years and have grown into one of the greatest nations in all history, was not a perfect document. The first Congress that met after its ratification submitted twelve amendments to the States. Ten of them were adopted and are now known as the Bill of Rights of the American people. Altogether we have amended that document some twenty-one times, and we may amend it in the future as conditions and circumstances require, for, as Jefferson said, "No live generation is compelled to be bound by a dead generation." This is not only true in government, but in science, religion, education and economic development of a people.

It is a tribute to the unselfish desire of all the nations involved to hand down to future generations a program that will preserve them from war and economic chaos that they were able to agree upon about 90% of all of the different questions that arose for discussion in the Dumbarton Oaks conference. Some of the problems not there settled were solved at Yalta, and others by negotiation and international communication, and all of them will be submitted to and will, in my opinion, be formulated at San Francisco in a document that will constitute one of the great charters of human liberty and liberation of human history.

It is impossible in the time allotted to me on this occasion to go into any details with respect to the machinery through which the peace of the world may be preserved. We do know that in spite of its high resolves and its notable ambitions for peace and the serious work in which it engaged to that end, the League of Nations of a quarter of a century ago fell short of the requirements essential to the preservation of a peaceful world. The extent to which these failures may be attributed to our failure to enter that organization is now an academic question and ought not now to serve for the creation of any prejudices or preconception of ideas regarding the new effort to preserve peace.

We all recognize now that unless the new organization is entered into whole-heartedly by all the great powers of the world, it likewise will fall short of success. We all realize now that any such organization must be equipped with power—a degree of power not possessed by any previous international organization. Of course, it must have the facilities and the machinery for negotiation, for peaceful conference, for diplomatic persuasion, and for the opinion of mankind to be brought to bear upon any recalcitrant nation which seeks again to bring war and chaos to mankind. These facilities are provided in the Council of Safety and in the Assembly set up in the Dumbarton Oaks program, but beyond this machinery for negotiation, this organization must have power to enforce its decisions in whatever action it may decide to take against aggression in its incipiency.

And it is a matter for congratulation that all the nations now involved in this tremendous effort recognize the need for bringing to bear against an aggressor not only the united opinion of mankind but sufficient power and force to make it impossible for another aggressor to get very far in his designs for world conquest.

As I have already indicated, it would be fantastic to have expected that either at Dumbarton Oaks, or at Yalta, or at San Francisco a perfect document could emanate. Undoubtedly conditions will arise in the future which will require modifications in the light of experience, but the only alternative to the formation of such an organization is the prospect of another war in another generation, or sooner, and another era of economic, social and political chaos which might destroy civilization itself.

Cost of American Participation

Heretofore, arguments have been advanced to the effect that our part of the contribution to maintain such a world organization would be greater than our Nation ought to bear. We are now spending for war purposes alone approximately Ninety Billion Dollars per year. In the last three years we have authorized the expenditure of approximately Three Hundred Billion Dollars and we are now in the process of raising the debt limit of the United States to the incredible sum of Three Hundred Billion Dollars. This represents a sum equal to the total wealth of our Nation two or three decades ago. This sum would be sufficient to maintain our share of the expenditure involved in the maintenance of a world organization for peace for a thousand years.

Similar comparisons can be made by the other nations which have been required to assume the burden of throwing back the hordes of brutality and world domination. If all the money expended by all the nations since the 1st of September, 1939, as a result of this war could be devoted to the development of our natural resources, the education of our people, the advancement of the arts and sciences, and the effort to bring to every human being in the world "Life, Liberty and the Pursuit of Happiness," it would be impossible to visualize the high standard of living and of life that would come to our people and to the world.

Undoubtedly disagreements will arise, as they have arisen, over questions of boundry between nations, spheres of influence among nations, and the share of world trade and commerce which all nations will be seeking. But the ultimate question of boundaries need not deter us in bringing about at the earliest possible moment such a united effort among all the nations as will rescue mankind from all the horrors of war.

There is, according to my judgment, an unbroken line of progress and of determination from Dumbarton Oaks to Yalta and to San Francisco, together with intervening stations such as Quebec, Teheran and Malta, which we cannot afford to break. Neither should we allow any shades of difference over voting procedures in the international organization to appall us with fear. One of the arguments against the last effort of mankind to organize for peace, and one of the arguments against our entering into that effort, was the claim that we would be outvoted by other nations where our interests were vitally involved. Certainly the agreement as to voting procedure which was reached in Yalta is as much a protection to the United States as it is to any other nation, and it certainly dissipates the argument or the claim that our Nation would be subject to the will of other nations without the power of veto where our vital interests of a military or economic standpoint will be involved.

In brief, looking at the plight of mankind all over the world at present, looking at the threatened destruction of civilization itself, looking at the universal hope of a vast and overwhelming majority of all the people of the world for a respite and a deliverance from the fear which they have been forced to endure and the sacrifices which they have made and are making, and must continue to make unless our present efforts succeed, I cherish the hope and the belief, and I think our people cherish the determination, that we shall accept as a nation and as a people the responsibility of sharing in the guidance and direction of mankind toward a goal loftier than the sordid brutality of war, and loftier than the purely selfish contemplations of any nation or any group of nations which may conceive it to be within its power to thwart the peoples of the world and thus thwart the ambitions of two billion human beings for the happiness which comes to the peaceful life and the security in which that peaceful life may be preserved.

This announcement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such securities. The offering is made only by the Prospectus.

NEW ISSUE

70,000 Shares*

Anchor Hocking Glass Corporation

$4 Preferred Stock
(without par value)

*Holders of the Company's 34,436 shares of outstanding $5 Dividend Preferred Stock have the right, as provided in the Prospectus, to exchange such stock for a similar amount of the new Preferred Stock until March 30, 1945.

Price $107 per Share
plus accrued dividends from April 1, 1945 to date of delivery

Copies of the Prospectus may be obtained within any State from the undersigned only by persons to whom the undersigned may regularly distribute the Prospectus in such State.

Kidder, Peabody & Co. **Hayden, Miller & Co.**

March 21, 1945.

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Dixie Terminal Building
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Wellman Engineering Company

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OHIO SECURITIES

FIELD, RICHARDS & CO.
Union Com. Bldg. CLEVELAND Tele. CV 174
Union Cent. Bldg. CINCINNATI Tele. CI 150

CINCINNATI SECURITIES

W. E. FOX & CO.
Inc.
Members Cincinnati Stock Exchange
18 E. 4th St. Cincinnati
MA 1627 CI 494

John Kruse Heads NASD Quote Comm.

CLEVELAND, OHIO — The Cleveland quotations committee of the National Association of Securities Dealers, Inc., is now headed by John Kruse, of Otis & Co. He succeeds Norman Cole, of Ledogar, Horner & Co. as Chairman, but Cole continues as a member of the group which furnishes daily quotations to newspapers on stocks in the Cleveland over-the-counter market.

The third member of the committee elected was George Williams, of Livingston, Williams & Co.

Ohio Municipal Comments

By J. AUSTIN WHITE

The comment most often heard in the Ohio municipal market during the past several weeks, and probably in the municipal market generally, has been about the rising level of prices. During all the talk about whether or not the Treasury has set a new pattern of interest rates for Government financing, a new pattern of interest rates has definitely been set in the Ohio municipal market.

J. Austin White

Last week Mogadore School District, in Summit County near Akron, sold $128,000 of bonds due 1946 through 1965 as 1¼s at 100.14. This certainly is a new high-price level for paper of this type and maturity. It remains to be seen whether or not the interest pattern will hold at a 1¼% rate for 1- to 20- or 25-year issues of such paper. Higher grade issues, however, can definitely be expected to sell at a 1¼% rate, and possibly even at a 1% rate for highest quality, and lower grade issues will no doubt generally bring a substantial premium for 1½s, and possibly even modest premium for 1¼s, all for maturities running up to 1965 or 1969.

The new pattern is definitely set at a 1% coupon rate for maturities of 1 to 10 years, of any quality at all.

Recent sales of Cleveland bonds in the secondary market have confirmed a new higher price level on this name, especially for maturities up to around 10 years. It would seem that, since the first of the year, Cleveland bonds have climbed more decidedly than have most other Ohios. This more pronounced strength in Clevelands is probably due to the nationwide market which this name enjoys. Aggressive bidding for the name has come from outside Ohio.

Another reason for the apparently decided strength in the market for Clevelands is the mere fact that lately worthwhile blocks of this name have been sold on several occasions in the secondary market, and these sales have served to confirm the higher level of the municipal market generally.

Other Ohio names that enjoy a similarly broad market, such as Columbus and Cincinnati, have not come into the market through competitive sale in blocks large enough to require really sharpening the pencils of the bidders.

In the bull market enjoyed during the past few months in municipals generally, competitive bidding for larger blocks of bonds has appeared to raise prices further when, as a matter of fact, such bidding has actually served to demonstrate to all concerned the strength already underlying the market.

High Grades Also in Demand

One very healthy condition of this rising market is the fact that high-grade names have been in demand almost as well as have second grades. It is true that the spread in yields between higher grade and lower grades has continued to diminish. Yet the appetite for qauity appears to be healthy—and it may well continue to be so.

For some time yields on high-grade paper appeared to have reached a virtual ceiling, and while such bonds tended to hold about at the same level, lower grade names seemed ever to climb in price, pushing the yield on such bonds closer and closer to the level of yield on high-grade bonds. Perhaps the decided rise in Government bond prices over the past few months has raised this ceiling on high-grade municipals. Perhaps an inclination to quit comparing yields on municipals with yields after taxes on Governments has abated this ceiling. Perhaps, even, there is a greater desire to buy quality.

At any rate, this apparent ceiling on high grades has either been pierced, or has been raised. It may well be hoped that it has been discarded, to the ultimate decided benefit of investors. But only time will tell if it will again serve to hold prices in check for bonds of high quality while prices rise further on second-grade risks, as investors look for yields a little more liberal than that which can be had with top quality.

In the Ohio market, at least, there prevailed for some time a ceiling of a 1.00% yield. Too many municipal buyers simply refuse to buy at less yield than 1.00%, regardless of the quality of the risk. Rather than invest at a return of less than 1.00%, too many buyers would turn either to longer maturities or to lower quality. Far too many turned to the risks of lower quality—and, as has been emphasized before in these columns, found (or rather will find) themselves with a bond that afforded a return of 1.20% instead of .90%, but also afforded far less security than this small difference in income would justify.

While there are yet too many investors who still refuse to buy anything that shows less than 1.00% yield, here and there can be found a buyer who has broken away from this prejudice. If the fence has actually been broken, more sheep will follow through the gap. Moreover, the buyers who formerly had to have a margin of yield over 1.00%—even 1.10% or 1.20%—in order to buy, are becoming more interested in a 1.00% yield.

Finally, there is a tendency to buy longer maturities. Whereas a maturity of 1954 or 1955 had seemed too long for many banks, now such maturities are acceptable, and 1958 or 1959 maturities appear to be gaining in popularity. This tendency to take longer maturities, of course, helps make it possible to buy high quality at "ceiling" prices, and in effect to raise the ceiling.

If only we would realize that quality has no "ceiling" price—if, indeed, it has any price at all—if only we would realize that "quality is remembered long after price is forgotten," how much happier would investors be 10 years from now, or in the next depression! Or will some Bretton Woods or Dumbarton Oaks outlaw depression?

Ohio Municipal Price Index

Date—	*	†	‡	§
Mar. 14, 1945	1.27%	1.43%	1.11%	.32%
Mar. 7	1.28	1.45	1.12	.33
Feb. 14	1.30	1.47	1.14	.33
Jan. 17	1.33	1.49	1.17	.32
Dec. 13, 1944	1.34	1.51	1.18	.33
Nov 15	1.36	1.53	1.19	.34
Oct. 18	1.35	1.53	1.18	.35
Sep. 13	1.32	1.50	1.14	.36
Aug. 16	1.31	1.49	1.13	.36
July 12	1.31	1.48	1.15	.33
June 14	1.31	1.46	1.16	.30
May 17	1.31	1.46	1.16	.30
April 12	1.32	1.46	1.17	.29
Mar. 15	1.34	1.50	1.19	.31
Feb. 16	1.37	1.53	1.21	.32
Jan. 19	1.40	1.57	1.23	.34
Jan. 1, 1943	1.83	2.01	1.65	.36
Jan. 1, 1942	1.92	2.13	1.70	.43
Jan. 1, 1941	1.88	2.14	1.62	.52
Jan. 1, 1940	2.30	2.58	2.01	.57
Jan. 1, 1939	2.78	3.33	2.24	1.09
Jan. 1, 1938	2.98	3.42	2.55	.87

*Composite index for 20 bonds. †10 lower grade bonds. ‡10 high grade bonds. §Spread between high grade and lower grade bonds.

Foregoing data compiled by J. A. White & Co., Cincinnati.

Ohio Brevities

President Charles G. Munn of Reynolds Spring Co. of Jackson, Mich., announced his concern had purchased Cleveland Wire Spring Co., manufacturers of mechanical springs for 68 years, by acquiring its capital stock for $1,400,000. The company has two plants in Cleveland.

For the first time in its history, more than 40 principals and teachers of Cleveland public and parochial schools and other educators attended a banking panel sponsored by the Cleveland chapter, American Institute of Banking.

The teachers submitted some 60 questions about banking most commonly asked by students and seven Cleveland bank officers answered them. Elbert L. Frank, Assistant Vice-President of the Cleveland Trust Co., was the moderator.

* * *

Robert Simkins has been made a Vice-President of Trundle Engineering Co., management engineers. He will be in charge of Western sales with offices in Chicago. He replaces W. S. Ford, who resigned.

* * *

May Department Stores Co. announced it will split common stock two shares for one and authorize 250,000 new preferred shares. The company contemplates raising approximately $15,000,000 new capital by public issue of 150,000 shares of the new preferred.

The company stated it plans to spend "considerable sums" for the development of retail-store operations in suburban areas and modernizing and improving existing properties. Some suburban store sites have been acquired and plans also include the retirement of $4,000,000 of the funded debt. Directors will fix dividend rate and offering price of new preferred at the time of public offering. Goldman, Sachs & Co. and Lehman Bros. will head the underwriting syndicate, the store said. Stockholders will meet April 3.

* * *

Donald B. Hornbeck, attorney, active in Republican politics and formerly Chairman of the Board of National Bronze & Aluminum Foundry Co., was elected President of the concern. He also heads the subsidiary, National Aluminum Cylinder Head Co.

The company announced Mr. Hornbeck accepted the post providing he would be able to continue his law work, spending part time with the company. He was renamed to the directorate along with William C. Kruse, Jr., Newark, N. J.; Frank Raichle, Buffalo; J. A. M. Thomas, Secretary James Laughlin, Jr., who also was named Treasurer; Herbert Pfahler, New York, Vice-President, and William I. Neimeyer, who also became Executive Vice-President. Clarence H. Swallow was chosen Vice-President and Controller.

* * *

Mr. Hornbeck is a director of the Akron, Canton & Youngstown Railroad and is a member of the minority group which is engaged in a proxy fight seeking further representation on the Road's board at its annual meeting this week.

The President of the Road, H. B. Stewart, Jr., in a recent letter to stockholders, said that the annual meeting would involve a contest for control of the Road.

Mr. Stewart said Josiah Kirby of Cleveland was the leader of a group seeking to elect a sufficient number of directors to win control and contended a change in management would be injurious to the company.

He told stockholders "the purpose of the letter is to advise you I anticipate that the annual meeting will involve a contest for election of directors and to urge your support for the present proven management."

In a second letter, Mr. Stewart declared the names of Harrison Ewing, former Common Pleas Judge, and Smith Davis, a broker in newspaper property sales, appear on proxy forms opposing the present management. Messrs. Kirby and Davis denied any connection in a proxy fight.

* * *

Frederick L. Bissinger, youthful head of the patent department of Industrial Rayon Corp., has been elected Secretary of the company. He came to Rayon in 1942 as head of the patent department, following a six-year association with the law firm of Pennie, Davis, Marvin & Edmonds in New York and Washington.

He holds two degrees from Stevens Institute of Technology and a law degree from Fordham University in 1938. He is a member of the Chemists' Club of New York, American Chemical Society, American Patent Law Association and Cleveland Patent Law Association.

D. S. Mallory, Secretary-Treasurer, will continue as Treasurer, a post he has held since 1925.

* * *

Twelve investment firms purchased $1,331,500 in municipal bonds offered last Friday by the Retirement Board of the State Employees Retirement System of Ohio. Allotments to the firms will not be announced until completion of sale details.

Among the cities whose bonds were offered were Akron, Cleveland, Bedford, Cuyahoga Falls, Euclid, Garfield Heights, Lakemoor Village, Portsmouth and New Boston, and all were sold excepting those of the last-named town.

The successful bidders were First Boston Corp., New York; Salomon Brothers & Hutzler of New York; Fox, Reusch & Co., Cincinnati; Braun, Bosworth & Co., Toledo; Paine, Webber, Jackson & Curtis, Chicago; Wm. J. Mericka & Co., Cleveland; The Ohio Co., Columbus; J. A. White & Co., Cincinnati; C. J. Devine & Co., Cincinnati; Fahey, Clark & Co., Cleveland; The Providence Savings & Trust Co., Cincinnati, and Stranahan, Harris & Co., Toledo.

* * *

McDonald & Co. of Cleveland bought $128,000 of Mogadore, O.,

(Continued on page 1277)

Committee Chairman of No. Ohio IBA Group

CLEVELAND, OHIO — Chairmen of six committees of the Northern Ohio Group of the Investment Bankers Association has been announced by M. J. M. Cox, of Curtiss, House & Co., Chairman of the group.

The chairmen and the committees they head follow:

W. Yost Fulton, of Maynard H. Murch & Co., Education Committee; Robert O. Shepard, of Hawley, Shepard & Co., Legislation Committee; William J. Mericka, of Wm. J. Mericka & Co., Business Conduct; Harvey Gotschall, of Prescott & Co., Membership; William H. Watterson, of Fahey, Clark & Co., Municipal, and Walter B. Carleton, of Fahey, Clark, Meetings and Entertainment Committee.

Otis Co. Adds Russick

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, OHIO.—Otis & Co., Terminal Tower, has added Norman H. Russick to its staff.

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OUR REPORTER'S REPORT

Investment interests are inclined to anticipate a marked step-up in the pace of new offerings between now and the middle of May when the Treasury is scheduled to launch its Seventh War Loan Drive. The latter is slated to run well into early July, and accordingly the corporate new issue market will be in for a corresponding period of dullness.

Consequently corporations which have prospective refinancing operations or new money undertakings in mind are expected to speed up the process of getting such offerings to market in advance of the Treasury's program.

The vanguard of such corporate flotations made their way to market this week, giving the underwriting fraternity its busiest week in more than a month in that particular phase of the business. And that investors are in a receptive mood was clear from the ready response which greeted offerings.

The temper of the investor was set forth quite plainly toward the end of last week when the big block (369,973 shares) of Louisville & Nashville Railroad capital stock was snapped up within a few minutes of the opening of the books.

This was not a new offering, but rather a secondary marketing of stock already outstanding which had been purchased by bankers from the Atlantic Coast Line Railroad Co., which controls L. & N.

Big Issues Ahead

Heading up the long list of prospective new offerings, likely to reach market in the next few weeks, are several railroad issues and a goodly list of utilities.

Four large railroad operations alone promise a total of some $284,000,000 of new issues should these materialize as expected and the roads are known to be anxious to get through with their refinancings.

The Reading Co. has announced a program calling for $95,000,000 of refundings and the Erie is said to be discussing plans with bankers for refinancing about $75,000,000 of its debt.

Meanwhile the Virginian Railway plans an issue of $60,000,000 and the Chicago & North Western is said to be considering plans for $5[illegible],000,000 of new first mortgage bonds.

On top of this formidable array the New York Power & Light Co. has gone into registration on $50,000,000 of new 30-year first mortgage bonds for which bids will be considered April 10 next.

Starting the Parade

This week brought the Laclede Gas Light Co.'s $19,000,000 of new first mortgage 20-year bonds to market by way of competitive bidding. Attractive in scope this issue brought bids from three banking groups.

The successful syndicate proceeded to reoffer the bonds publicly yesterday at a price of 102¼ for a 3½% coupon. Yield, plus the shorter than usual maturity, made the issue popular with investors.

Another group meanwhile offered as a secondary operation 2,165,296 shares of the company's common stock purchased from the Ogden Corp.

The second operation involved the preferred stock of Marshall Field & Co. A block of 150,000 shares was offered to holders of the outstanding preferred issues under an exchange program, and bankers proceeded to offer publicly the unexchanged portion of the new stock.

Tax-Exempts Popular

Refusal by the Supreme Court to review a decision of the Circuit Court of Appeals, which had held such bonds exempt from Federal income tax, gave the Triborough Bridge Authority the right of way in refinancing its outstanding debt and providing some funds against postwar improvements.

The $110,000,000 offering of that agency, half in the form of serial bonds and the balance in term securities really "went out the window" as the saying goes. Standing as the largest single revenue bond issue ever brought to market this piece of business was completed in record time.

The quick absorption of so large an offering afforded powerful testimony of the attractiveness of tax-exempt bonds to the wealthy and to institutional investors.

Easy to Handle

Florida Power & Light Corp.'s sale of 40,000 shares of 4% preferred stock on Tuesday illustrated again the popularity of what underwriters refer to as "street-sized deals."

That offering, in competitive bidding, brought tenders by six separate banking groups, and brought the company a top bid of 100.177 for the issue. The winning group prepared to reoffer the stock publicly at a price of 101½ to yield 3.95%.

Parcel Post to Russia

Postmaster Albert Goldman of New York on March 17 directed attention to the announcement issued by Postmaster General Frank C. Walker that parcel post service to the Union of Soviet Socialist Republics would be resumed on March 20. The service was suspended June 15, 1940. The announcement also said:

"The Postmaster General's order providing for resumption of parcel post service is also applicable to certain areas under the jurisdiction of the Soviet Union with which mail service was resumed on Feb. 16. These are: Bessarabia, northern Bukovina, and certain places in the district of Dorohoi in Moldavia. Parcels must conform to the export license requirements of the Foreign Economics Administration."

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Canadian Securities

By BRUCE WILLIAMS

How will Canada in the postwar era solve her most challenging problem—a plentitude of material resources but a woeful inadequacy of population.

Although under the stimulus of war the Dominion has made giant strides in industrial development, the results achieved so far are comparatively insignificant when consideration is given to the potential capabilities in this direction, of which the following represent but a few of the outstanding examples:

(a) Canada which already has developed more hydro-electric power per capita than any other country, nevertheless has only utilized one-fifth of the recorded water resources. Water is the first essential of most industries and Canada has within her borders more than one-half of the fresh water in the world, all above sea-level.

(b) The Canadian Pre-Cambrian Shield covering an area of about 2 million square miles, the surface of which, although only just scratched, has made the Dominion one of the world's leading producers of base metals, and current developments in the Yellowknife district of the North West Territory and in other northern sections of the Shield suggest that the Dominion one day will be the foremost producer of gold, radium, tantalum and other precious metals which are constantly being uncovered in this vast treasure house of Nature.

(c) The colossal virgin coal deposits of Alberta and British Columbia, the promising oil developments in Alberta and the other prairie provinces, and the high-grade iron deposits of Ontario and Labrador, are all awaiting full exploitation.

(d) The value of the Canadian forests, covering about 35% of the total land area, although already well utilized, is enhanced to a tremendous degree by the new-age discoveries in the realm of plastics and other synthetic materials.

A natural solution of the Canadian population problem might very well be evolved as follows:

Great Britain as an industrial power can no longer maintain a leading position on her own resources. Whereas Canada's great deficiency is in labor supply, Britain during the last few decades has had an embarrassing surplus of skilled labor. During the war especially, bulk re-allocation of workers has taken place from declining to newer industrial areas. This process could be extended to include Canada in the sphere of such labor migration. Furthermore, Britain has a wealth of industrial knowledge and organization that could be better employed in Canada, the little developed manufacturer's paradise, than within the rapidly narrowing scope afforded by the British Isles. In brief, Britain can enter upon a new era of industrial prosperity based on closer integration with Canada on a partnership basis, and in this age of rapid transport, the distance factor is no longer a great problem.

Of still greater eventual significance is the fact that Britain's commercial supremacy was founded on the strategic position of the British Isles during a maritime age. On the aerial map it is not Britain that is on the air crossroads of the world but Canada.

Insofar as this country is concerned, a prosperous Britain and possibly what is more important, a flourishing highly industrialized northern neighbor, even if some measure of competition arises, can cause our own industrial wheels to turn more briskly with a vastly greater volume of trade ebb and flow across the border.

Turning to the market for the past week, although there was less activity, the tone continued firm and there was a fair demand for medium-term high-grades. Montreals were strong at a new high level and Albertas strengthened after a slight relapse. However, the reception given to the debt refunding offer has been generally unfavorable. In view of the Federal Government's strong desire to see full recognition of interest arrears and contractual coupon rates, it would not be surprising if further pressure were exerted on the Alberta Government in order to bring about a fuller rehabilitation of the provincial credit.

Little activity was recorded in internal bonds but a further burst of activity in gold shares caused a temporary appreciation in free funds to 9½%; the weight of dividend sales later depressed the rate to 9 13/16%.

With regard to the possible future course of the market, it must be borne in mind that prices are now at peak levels and it is to be expected that the Eighth Victory Loan will shortly have its quietening effect.

Moreover, it will not be too long before the General Election becomes a definite factor and an abrupt termination of the war in Europe could also produce a temporary unsettlement.

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Fox Named Director Of Surplus Property

The Treasury Department announced on March 12 the appointment of A. U. Fox as Director of the Office of Surplus Property in the Procurement Division. In this position he will be responsible, under the direction of John W. Pehle, Asssistant to the Secretary of the Treasury, for the Treasury's operations in the disposal of surplus property. The Treasury announcement said:

"Mr. Fox's previous Government experience was also with the Treasury Department. He served as Deputy Director of Foreign Funds Control from April, 1941, to August, 1944. He has had more than 15 years' experience in high level administrative positions. From 1934 to January, 1941, he was managing partner of Swan, Culbertson & Fritz, handling commodity and security brokerage in Shanghai, Hong Kong, Manila and Singapore. Previously he was connected with the National City Bank of New York in the Far East.

"Mr. Fox returned to the United States in 1941 to join the staff of Foreign Funds Control."

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Municipal News & Notes

Mayor Kerrigan of Boston, Mass., is seeking authority from the State Legislature to refinance $16,500,000 Sumner Tunnel debt at an estimated saving to the city of over $12,000,000 in interest charges over the next 20 years. The debt amounts to $19,600,000, against which there is now a sinking fund of $3,100,000. Construction on the project was begun in the early 30's.

Under the plan proposed by Mayor Kerrigan, a new issue of bonds would be sold and the proceeds invested in United States Government securities, presumably in anticipation of the date on which the outstanding obligations could be redeemed. The income received on the Federal investments would offset carrying charges on the new bond issue, which the Mayor expects can be marketed at an interest cost of from 1½% to 2%.

In connection with the proposal, City Manager James H. Flanagan said that it would be possible for the city to borrow now at a record low interest rate. City officials believe that the nadir of interest rates has been reached and that it is more than possible that they will advance in the future. Accordingly, they reason that the city could not lose by effecting the refinancing at this time.

Port Authority Offering Now Scheduled for March 28

John J. Pulleyn, Chairman of the Port of New York Authority Finance Committee, has announced that the agency will consider bids March 28 for the sale of $12,000,000 ninth series general and refunding bonds to mature in 1985. Bidders will be asked to name a single interest rate of not more than 1¾%, and expressed in a multiple of ⅛ of 1%. Except for sinking fund purposes, the proposed bonds will not be subject to redemption prior to April 1, 1955, at a price of 101.

Proceeds of the forthcoming sale, coupled with funds to be available from other sources, will be employed by the bi-State Agency in the redemption of $28,422,000 of 3% sixth series general and refunding bonds which are callable Dec. 1, 1945. Commissioners of the Port Authority, Mr. Pulleyn explained, elected to undertake the refunding of such debt now because of the current strong position of the Authority's bonds.

In addition to sale of the $12,000,000 bonds via competitive bids on March 28, the Authority is completing arrangements for the sale, at 1% interest, of $14,000,000 notes to the National City Bank and the Chase National Bank. The notes will be payable $2,800,000 annually for five years and callable in whole or in part at any time at par. This loan will provide a more flexible schedule for the retirement of the debt over the next few years than could be achieved by the issuance of a serial or term bond, according to Mr. Pulleyn.

The balance of about $2,085,090 needed for the refunding operation, together with whatever discount may be included in the accepted bid for the bond issue, will be met through an appropriation from the Port Authority's general reserve fund.

Subscription Books on $110,000,000 Triborough Issue Quickly Closed

The rapid closing of subscription books, together with an advance in quotations over the offering prices, highlighted last week's public offering by Dillon, Read & Co. and associates of the $110,000,000 Triborough Bridge Authority refunding loan. These results underscored both the high investment rating enjoyed by the Bridge Authority and the unusual demand prevailing for tax-exempt securities. Both factors were clearly recognized by officials of the Bridge Agency and the underwriters in working out terms of the recent offering. Particularly significant was the upping in the offering price for the $55,000,000 terms 2s of 1980 from the originally scheduled figure of 98 to a price of 99.

This advance, however, was more than matched by the market and late yesterday afternoon the bonds were quoted at 100⅛ bid and 100¼ asked. The $55,000,000 serial 2½s making up the balance of the total issue also moved to higher levels from those initially established and, on the basis of yesterday's quotations, reflected a markup of about half-point.

The deal, incidentally, represented the largest single piece of public financing ever undertaken. Dillon, Read & Co. and associated underwriters announced that 25% of the $110,000,000 issue had been contracted for by a group of banks, thus reducing to $83,500,000 the amount available for public subscription. Proceeds of the borrowing will be used by the Bridge Agency to retire all of its presently outstanding debt of about $100,000,000 and to establish a fund for further improvements to the bridge facilities.

Unexchanged Salt River Power District Bonds Redeemable Now

Holders of unrefunded 4¼% bonds of the Salt River Project Agricultural Improvement and Power District, Ariz., which are callable in 1948, may surrender them for payment, on or before March 31, 1945, to the Harris Trust & Savings Bank, according to a notice just issued by the refunding agents. The bonds thus surrendered will be redeemed at face value, plus immediate prepayment of the accrued interest to the respective call dates in 1948 and the premium to the call date.

A plan of refunding and offer of exchange, dated June 15, 1944, was made to holders of the $3,197,000 4¼% corporate bonds, issue No. 1, dated Oct. 1, 1937 and callable Jan. 1, 1948, and the $4,135,000 4¼% corporate bonds, issue No. 1, dated June 1, 1938 and callable July 1, 1948.

Since the plan has been operative upwards of $6,000,000 of bonds subject to the offer have been exchanged for the new refunding bonds, according to the exchange agents which include Stranahan, Harris & Co., Inc., Shields & Co., Durand & Co., Tucson, and Boettcher Co. The call prices on the respective issues are as follows: 1949 maturity, 100.50; 1950, 101; 1952, 102; 1953, 102.50, and 1954 to 1964, at 103.

Holders of unexchanged bonds who do not wish to secure prepayment are advised to contact any one of the above-mentioned firms and obtain terms of the refunding offer with respect to their bonds prior to March 31, 1945.

New York State Local Finance Law Analyzed

Detailed information relating to the debt limits and borrowing powers of cities in the State of New York form an important part of the fifth annual report of the Temporary State Commission for the Study, Revision and Codification of the Laws Relating to Municipal Finance.

This Commission, of which Assemblyman Leo W. Breed is now Chairman, was responsible for the monumental task of drafting the 900-page omnibus bill to bring into conformity with the local finance law "every provision of those laws which had to do with borrowing or the incurring of indebtedness by any unit of local government—with the exception of course of such provisions as were repealed outright." The latter exceptions involved a schedule containing approximately 3,000 items. The local Finance Law, embodied in a bill offered by Assemblyman Abbot Low Moffat, was adopted during the session of 1943 but was not to become effective until July, 1944. Amendments during the 1944 session included a change in the effective date to April 1, 1945, thereby allowing possible further changes during the current session.

The section devoted to a study of the bonded indebtedness of cities shows the bond debt outstanding for each city, the unused borrowing capacity and the percentage of borrowing power used. Data is also presented on the net debt per capita and on the percentage of tax levy used for debt service. These statistics bring out the relationship between percentage of borrowing capacity used and the ratio of a city's assessments to full value.

Added Competition And Increased Security of Housing Bonds Proposed

Under the terms of a bill scheduled to be introduced in Congress shortly and endorsed by the National Public Housing Conference, the U. S. Housing Act of 1937 would be amended in such a way as to increase competition for local housing authority bond issues and to strengthen the security of such obligations.

The first-named objective would be obtained by permitting national banks and members of the Federal Reserve System to participate in the bidding for housing bonds. These institutions at present are forbidden to underwrite such issues, although it is possible for them to participate in such financing as investors for their own account or for trust accounts.

As to strengthening the security of housing authority bonds, this the proposed amendment would accomplish by providing that in event of a default by a local authority of its contractual obligations the Federal Public Housing Authority would acquire and operate the project in question. the amendment also would require the continued payment of the annual FPHA contribution which assures the economic stability of these low-rent housing ventures and represent the basic security for the applicable indebtedness.

The effect of this amendment, it is believed, will be to further enhance the attractiveness of the bonds as investments and possibly permit such financing at a lower interest than has prevailed in the past.

The National Public Housing Conference, it is pointed out, is a non-profit membership organism created in 1931 and devoted to the task of promoting slum clearance and the construction of low-rent housing units.

Aside from the above-mentioned features of its suggested legislation, all of which is described in the February issue of "Public Housing," the NPHA house organ, the program envisages the construction of some 450,000 new houses in the first two years after the war, involving an estimated expenditure of close to $2 billion. The program would be undertaken jointly by public agencies and private builders.

Additional Payment on Dallas, Tex. City & County Levee District Bonds

The Bondholders' Committee of the City and County of Dallas Levee Improvement District, Texas, is advising holders of bonds and depositors thereof that an additional payment of $10 per bond will be made on all bonds deposited with the committee at the close of business on March 24, 1945. This disbursement will be in settlement of all coupons due Oct. 1, 1941 and April 1, 1942. Depositors of 5½% bonds dated June 1, 1928 will receive payment on the same basis as if they were depositors of refunding bonds.

The committee also states that it has reached tentative understandings with the district regarding a plan of debt refunding on a par for par exchange basis. The contemplated plan calls for new bonds to mature in 60 years. Inquiries regarding the announced $10 bond payment and other matters pertaining to the district should be addressed to W. D. Bradford, Secretary of the Bondholders' Committee, at Room 1504, 115 Broadway, New York City.

Items In The News

Creditors of **Cache River Drainage District No. 2,** in Greene County, Ark., who have not as yet filed claims, etc., under the modified plan of debt composition made effective Sept. 18, 1944, by the U. S. District Court for the Eastern District of Arkansas, must act within six months of the foregoing date in order to participate in the "consideration, money and property" conveyed to the new company created pursuant to the court's final decree. Written proof of claims must be filed with Clerk of the Court at Jonesboro, Ark., and a copy furnished the **Cache River Land Co.** within the six months' grace period.

Under the provisions of a bill signed by Governor McCord, **Knox County, Tenn.,** is authorized to issue up to $1,000,000 bonds for construction of schools.

Cohoes, N. Y., bonded debt has been cut $308,554 since 1941 and annual interest charges lowered from $68,234 to $60,021, it is stated by Mayor Rudolph Rulier.

Danville, Va., will pay off a further $65,000 of its hydro-electric plant bonded debt this year, thus increasing to $360,000 the total amount redeemed during the seven years of operation of the plant. Nothwithstanding wartime restrictions on use of current, total kilowatt output in 1944 was 25,777,725, as against 24,206,435 in 1943, a load increase of 6.1%.

Having already been approved by the **Ohio State Senate,** a bill is now before the House which would extend for a period of two years existing legislature allowing Ohio taxing units to refund maturing bonds. The City of Toledo, it is said, plans to refund $724,500 of bonds in the present year.

Barring further bond issues, **Dutchess County, N. Y.,** will be entirely free of funded debt by 1954, according to the County Treasurer. The current aggregate, at $485,000, is the lowest since 1929 and no bonds have been issued since 1940. As a result, interest charges declined from a high of $84.000 annually to only $12,958 in 1945.

Marshall Field & Co. 4¼% Pfd. Stk. Offered

Formal public offering was made March 21 by a nationwide banking group headed by Glore, Forgan & Co., Lee Higginson Corp. and Shields & Co. of the unexchanged portion of 150,000 shares of 4¼% cumulative preferred stock of Marshall Field & Co. at $104 per share and accrued dividends.

The public offering follows the expiration of the company's exchange proposal under which holders of the outstanding 6% cumulative preferred shares of both classes were given the right to offer such shares to the company in exchange for the new 4¼% preferred shares, on a share for share basis, plus certain cash payments by the company and subject to a dividend adjustment. The company has accepted the offers of the holders of an aggregate of 128,108 6% cumulative preferred shares of both series pursuant to the exchange proposal, leaving 21,892 new 4¼% preferred shares to be purchased by the underwriters.

The new 4¼% preferred shares are redeemable at $109 per share through March 31, 1950, at $106.50 per share thereafter through March 31, 1955, and at $104 per share thereafter.

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Both Business and Investor Need the Investment Banker

(Continued from page 1258)

cause he usually has a hand in the management and use of his savings. The same investor in a large business must have confidence in the soundness of his enterprise and in its hired management.

By the same token, the investment trust officer who is charged with responsibility for the safety and productiveness of other people's savings is doubly cautious. This is true of the administrators of estates and trusts, of investment officers of banks, savings and loan companies, insurance companies, endowed educational and philanthropic institutions, and others.

Needed by Investor and Business Alike

Thus we come to the function of investment banking in the American scheme of things, which is virtually irreplaceable in a nation where business and enterprise commonly depend upon the investment of cash savings by a large part of our population. The investment banker is the connecting link between the small investor and business in need of capital funds. The profession came into existence because there was a job to be done for people with money to invest and for businesses seeking money. The investment banker's fundamental job is to be first an analyst, then a salesman, and this is the point which the public too frequently misunderstands. It is the never-ending study and research, backed by years of experience and knowledge, which equip the investment banker for establishing confidence on the part of his clients, and confidence from investors and corporations alike is his principal asset. His analysis of the financial needs of a business, plus his knowledge of investment markets, is his stock in trade.

He is strictly regulated by government surveillance, and his business transactions are inevitably subjected to the spotlight of public scrutiny. His dealing in securities involves the staking of both reputation and the future of his business upon principles of fairness and honesty. The element of risk in the investment of money would make his position precarious if he were not meticulously careful and paintaking in research and investigation of the securities in which he deals.

For obvious reasons, the investment bankers of the nation are located in the larger cities. This is the logical situation. Whether it be Wall street in New York, La Salle street in Chicago, Montgomery street in San Francisco or Main street in numerous other cities, the investment banker is located to be in the closest touch with people who have money to invest and with businesses which require capital. Investment banking is not far removed from the most remote community of the nation or from the individual residing on a farm, for it touches the life of every person who carries life insurance, or has a bank account, or whose livelihood is affected by our complex business organization.

It is interesting to note just what constitutes such organizations. Some investment banking firms engage in all phases of investment banking, not specializing in railroad or public utility or industrial or municipal financing. Some investment bankers are principally underwriters (that is, they buy securities for resale through other dealers) or, on the other hand, are distributors of securities underwritten by others. Some are both underwriters and distributors.

In order to effect nation-wide distribution of securities, offices of individual firms are located throughout the principal cities of the United States and are bound together by private telegraph wires in order to provide immediate communication because security prices and markets vary hourly and thus close contact is necessary. In a matter of two or three minutes salesmen throughout the country can be released to offer any particular security so that the investor in Salt Lake City or Spokane will have the same opportunity as one in New York or Boston.

Analysis Is Valuable Service

An investment banking firm has various departments which require highly specialized skill on the part of the personnel. For example, there are certain specialists in analyzing and appraising security values, who can tell what a security should be worth by comparison. Others are specialists in markets and know at any particular time what insurance companies or savings banks or trust accounts wish to buy and what they require in what they buy. Still others, and this is of particular importance to corporate officials, specialize in determining what particular terms of financing, over a long period of years, will best serve the interests of the corporation and obtain the best public acceptance.

In the actual distribution of securities, detailed organization and team-work are employed. Before an issue is offered, extensive information in the form of a prospectus is prepared and distributed to sales representatives and other dealers so that they may judge the suitability of the particular security for their various clients.

This information usually relates not only to strictly financial data, but to the territory served by the company, the industries located in the territory, the character and occupations of the people, all of which have a bearing on the investment worth of the company's securities.

As the time of offering approaches, dealers in various parts of the country are consulted to determine the most effective allotment of securities. Dealers in the "home town" are asked about the local demand, to which preference is usually given.

When release of the offering is finally made, the preparatory work has all been done, and the hundreds of people throughout the nation who are specialists in investments are able to give their advice to prospective investors regarding the new issue.

The capital needs of industry are very large during periods of expanding business. In the decade following World War I, to finance expanding business required the raising of new capital in an amount approaching 25 billion dollars annually. The next 10-year period was one of contracting business when new capital requirements were only a small fraction of this amount. With the preparation for and the prosecution of the present war, vast amounts have been required to finance the tremendous industrial activity.

Idaho Power Utilizes Investment Banking Service

Why should stockholders, customers or employes of Idaho Power Company be interested in investment banking? Simply because the Company's securities, representing the money invested in our business, have been re-financed by utilizing the services of investment bankers, because this is the only apparent means through which necessary re-financing could be accomplished, and because the results of such re-financing have strengthened the Company's financial position, and therefore directly involve the interests of stockholders, customers and employes of the Company.

Electric Power and Light Corporation, which had for many years been the sole owner of Idaho Power Company common stock, was under governmental order to dispose of its interests. This was in 1943. Since the amount involved exceeded some $10,000,000, obviously a single buyer was not likely to be found. The alternative was to sell the Company to many buyers, that is, to the general investing public.

Thus the Company sought the services of investment bankers who, by analysis, determined how the needs of the Company could be met under existing conditions in the money markets, and how Company securities would be received by the investing public. They were in position to perform their function as a connecting link.

Consequently, a group of 41 investment banking firms located in numerous cities through the country, purchased the common stock of Idaho Power Company for resale to the public.

This group of investment bankers was organized and managed by Blyth & Co., Inc., and Lazard Freres & Co., both of New York. Their interest was not to become owners of Idaho Power Company, but to distribute that ownership as widely as possible. The prices at which they bought and sold the stock were filed with regulatory authorities—they shouldered the risk of selling the shares.

Offering of the stock was made simultaneously throughout the United States. Hundreds, perhaps several thousands, of salesmen solicited orders for the stock. Not only in the financial centers, but in every city and town investors were given the opportunity to purchase the stock—all at the same price, whether the amount purchased was a few shares or many shares. When the results were finally compiled, it was found that the Company was owned by 4,327 common stockholders which included individuals, trust accounts, endowment funds, insurance companies and all of the various kinds of investors. A large number of these stockholders are residents of the territory served by the company, and others are scattered throughout the United States.

Refunding Idaho Power Bonds

Subsequent to the distribution of Idaho Power Company common stock, a further need for investment banking services developed. The Company had outstanding 18,000,000 principal amount of bonds on which the annual interest charges amounted to $675,000. It became apparent that the credit of the Company and the money market justified a lower interest charge, even though the 3¾% rate applying to the Company's bonds at the time was considered low. The problem of refunding the indebtedness to effect an interest saving was a subject of consultation between the Company and investment bankers during the latter months of 1943. Again an analysis was made to determine the Company's financial position and the rate of interest to which the Company was entitled for this class of security, and the refunding was accomplished.

The annual saving (before taxes) resulting from bond refunding is approximately $154,900, the sale having been made to thirteen insurance companies which purchased the bonds for investment of policyholders' funds. While there are only thirteen bondholders directly, thousands of individuals indirectly have invested in the bonds because they are policyholders of the insurance companies.

Preferred Stock Re-financing

In addition to bonds, Idaho Power Company also has outstanding preferred stock in the amount of $6,058,700 par value. The annual dividends which the Company had been paying on this preferred stock amounted to $406,554. Much of this preferred stock was held in the territory served by the Company. Obviously, the only income the Company has is derived from its customers and it is out of this income that dividends are paid to stockholders. Thus, the management is in the position of an arbiter or trustee with an obligation to deal fairly with both investors and its customers.

The rate paid on the preferred stock appeared more than existing money markets demanded. After consultation with investment bankers and a further comprehensive analysis, a plan was put into effect whereby a new lower rate preferred stock was offered in exchange to the holders of the old preferred stock and only the unexchanged portion of the new issue was offered to the public generally. Such a refunding program could only be accomplished after investment bankers underwrote the entire issue of $6,058,700 under an underwriting agreement which provided a reasonable period of time for present stockholders to exercise their option of exchange, thus, during this entire period the underwriters subjected themselves to the danger of a break in the market. The Company could not have assumed such a responsibility and here again is bona fide evidence of the necessity of investment banking service. This re-financing was accomplished August 1, 1944, with a high percentage of the preferred stockholders exercising the option of exchange for the new issue and the balance of the issue was promptly distributed through investment banking channels to new preferred stockholders.

Maintaining Contact with Stockholders

Our experience has proved that the function of investment bankers is a valuable, constructive and wholly cooperative service in assisting the management in development and carrying out a sound financial program. Such has been the experience of all large industries and businesses where capital requirements are beyond the capacity of the local territory. Through no other means than the facilities of an investment banking group could the merits of Idaho Power Company been placed before investors throughout the country and the Company adequately and economically financed.

After the original financing was completed, management was confronted with the problem of maintaining a continuing contact in the various financial centers to insure a continuing acceptance of the Company's securities. In cooperation with investment bankers, meetings between Company management, trust companies and stockholders are periodically held in many cities, and thus investment bankers, trust companies and stockholders are kept advised as to Company affairs through these continuing contacts.

Such has been the experience of Idaho Power Company, and in hopes that we may help clarify in the public mind a sound economic justification for investment banking this article has been written. The history of American industry and business reveals that adequate financing precedes the expansion of industry and business and except as we have such expansion, we can never expect to develop a program of peace-time production with its resulting exchange of goods and services which will give full employment to our people, enable us to maintain our standard of living and start the orderly liquidation of indebtedness.

Ohio Brevities

(Continued from page 1274)

school district bonds maturing serially from 1946 to 1965, at a price of 100.15 for 1¼s at a net interest cost to the issuer of 1.24%. The bonds were not reoffered immediately.

* * *

Purchase of $200,000 Akron school district bonds was made by Fahey, Clark & Co.; Hawley, Shepard & Co., and First Cleveland Corp., for which the group paid 102.17 for 1½s and reoffered the bonds at prices ranging from .50 to 1.35%. The interest cost to the city was about 1.31%. Bonds mature serially from Dec. 1, 1946 to Dec. 1, 1967.

Akron's school debt on Jan. 1, 1931, stood at $10,376,000 and has been whittled to where it now totals $2,500,000, or a decrease of 74%. Proceeds from the sale will be used for school construction.

Albert Francke Dead

Albert Francke, a member of the New York Stock Exchange firm of Carlisle & Jacquelin, 120 Broadway, New York City, and a former governor of the Stock Exchange, died at his home after a long illness. He was 74 years old.

Mr. Francke was a member of the New York Stock Exchange from 1902 to 1927 and a member of its governing board from 1910 to 1913. He was formely a member of L. J. & Albert Francke; of Francke, Thompson & Robb; and Harris, Winthrop & Co., Stock Exchange houses.

To Holders of

$130,662,000

State of Arkansas

Highway Refunding Bonds of 1941

Re Immediate Payment of:

April 1, 1945 interest coupons of entire issue

$1,974,000 principal amount Serial Bonds due April 1, 1945

$1,000,000 principal amount Term Bonds due April 1, 1972
Nos. 2,001 to 3,000 called April 1, 1945

As a convenience to holders, coupons due April 1, 1945 and the maturing and called bonds above referred to, may be presented at our Chicago or New York offices where immediate payment will be made.

HALSEY, STUART & CO. INC.

CHICAGO 90, *123 So. La Salle Street* • NEW YORK 5, *35 Wall Street*
AND OTHER PRINCIPAL CITIES

Mutual Funds

A Note of Caution

The Trustees of **George Putnam Fund** sound again a note of caution in their current **Portfolio Review.** During February the managers of this Fund continued their policy of shifting the portfolio gradually to a more conservative position. As of March 1, the common stock portion was equal to approximately 50% of the total fund, compared with 59% at the year-end and 51% on February 1.

Railroad Equipment Shares

A Class of Group Securities, Inc.

Prospectus on Request

DISTRIBUTORS GROUP, INCORPORATED
63 WALL ST. • NEW YORK 5, N. Y.

"During the first two months of 1945," write the Trustees, "investors purchased more shares of the fund than in any previous comparable period. This is particularly interesting to us because it is another bit of evidence that there is a great deal of investment money looking for something more secure and less exciting than a cross-section of common stocks."

Total assets of George Putnam Fund approximated $12,353,700 on March 1, compared with $11,181,000 at the year-end.

The Major Trend

Keystone Corp., in the current issue of **Keynotes**, reproduces the long-term chart of the Dow-Jones Industrial Average. This average has developed a pattern which forms a broad "channel" between the approximate highs and lows of major swings. Keystone Corp. has labeled the top of this channel "selling range" and the bottom "buying range."

"At the present time, the indicated bottom of this channel is 120 and the indicated top is 240." With the average currently around the 160 level, it would thus appear that the current bull market still had a long way to go.

Accent on Management

Distributors Group, in a current letter to dealers, points out that the major function of **Group Securities, Inc.**, is "not just to help you sell securities but to help you manage your customers' investments."

"With Group Securities, you have available 22 separate group investments. We give you our opinion as to their relative undervaluation. You use these group investments as tools with which to manage your customers' accounts."

The wide range of these "tools" is evidenced by descriptive folders on two of the extremes—**Investing Company Shares**, which is speculative dynamite, and **Institutional Bond Shares**, comprising New York State "legals." The Investment Report—listing all of the classes—was also included in the mailing to show the full range between these two extremes.

COMMONWEALTH
INVESTMENT
COMPANY

A Mutual Investment Fund
★
Prospectus on Request
★
GENERAL DISTRIBUTORS
NORTH AMERICAN SECURITIES CO.
2500 Russ Building • San Francisco 4

Keystone
Custodian
Funds
★
Prospectus may be obtained from your local investment dealer or
The Keystone Corporation
of Boston
50 Congress Street, Boston 9, Mass.

First Mutual Trust Fund

National Securities & Research Corp. has issued a new folder on **First Mutual Trust Fund,** listing the assets held as of March 1, 1945. In a covering letter, this sponsor refers to Barron's comparative performance study of the 10 leading general management and balanced funds for the year 1944. In the Barron's study, First Mutual Trust Fund ranks fourth with an advance of 25.9% for the year, as compared with 25.6% for the Dow-Jones Composite Average.

Opportunity

"Opportunity Knocks . . . Six Times" is the title of a new folder on **Diversified Speculative Shares** recently issued by **Hugh W. Long and Company.** Six factors are listed, any of which may bring about an advance in securities prices. These are pent-up demand, expansion, growth, volatility, depressed prices and effective reorganization. The pamphlet states: "You can participate in these six kinds of profit opportunities through one holding in Diversified Speculative Shares."

The discussion includes a tabulation of the tax advantages of profits over income, and an outline of the principles of management of Diversified Speculative Shares.

Low-Priced Stocks

Lord, Abbett, in the current issue of **Abstracts,** discusses the recent steps taken by the New York Stock Exchange to eliminate margin trading in stocks selling under $10 a share. The sponsor points out that most mutual fund shares are relatively low-priced but that such prices are no reflection on the quality of the issues held. **American Business Shares,** for example, is currently priced around $4.35, whereas the average price of the 93 portfolio securities is: bonds, $92; preferred stocks, $92; common stocks, $36.

NATIONAL
SECURITIES SERIES
Prospectuses upon request
National Securities &
Research Corporation
120 BROADWAY, NEW YORK, (5)
LOS ANGELES, 634 S. Spring St., (14)
BOSTON, 10 Post Office Square (9)
CHICAGO, 208 So. La Salle St. (4)

For **Union Common Stock Fund** the current price of approximately $8.20 per share compares with an average price of $21 for the 27 portfolio issues.

A similar comparison holds for **Affiliated Fund,** with a current offering price of approximately $4.84 a share. The average price of the 74 portfolio issues is: bonds, $90; preferred stocks, $93; common stocks, $28.

On the performance side, these three funds in the past year all did considerably better than the Dow-Jones Industrial Average. As against a gain of 18% for the Average, American Business Shares was up 24%, UCS, up 38%, and ACES (with its leverage), up 43%.

Research

Selected Investment Co., in the current issue of "These Things Seemed Important," reproduces a chart showing the growth in employment of research personnel in various industries over the past two decades. The expansion in research activities revealed by this chart is truly amazing and is probably one of the big reasons why this country is able to outproduce the world. **It is also one of the reasons why investment in American industry is a sound investment.**

H. C. L.

The first two issues of **Distributors Group's** new publication, "Investment News," stress various aspects of the High Cost of Living and emphasize the commonsense conclusion that, "during inflation, as at any other time, **market price follows earning power.** Not all common stocks provide a refuge from inflation losses—only those stocks whose earnings advance."

Stocks of the type held in Steel Shares, Railroad Equipment Shares and Railroad Stock Shares are cited as notable for their undervaluation at current market levels and the high income return they now provide.

Increased Commission

Hare's Ltd. has announced a 20% increase in the dealers' share of the distribution charge on **Institutional Securities,** with discounts on a reduced basis for larger purchases. Effective March 14, 1945, dealers are to receive 6% of the total 8⅔% distribution charge, as compared with 5% previously allowed. This holds for single sales up to $50,000. The load thereafter is reduced step by step to a total of 3%, with 2% for the dealer, on sales of $250,000 and over.

Speculative Stocks

Vance, Sanders & Co., in the current issue of **Brevits,** examines speculative stocks for variation in performance and finds that there is even greater variation among stocks of this type than among the high-grade issues. The 1944 performance of the 30 most actively traded, low-priced, speculative stocks on the New York Stock Exchange is shown. On average, these stocks rose 57.2% during the year. However, percentage changes ranged from a gain of 360% for Graham-Paige to a loss of 16.7% for Commonwealth and Southern.

* * *

Mutual Fund Literature

Keystone Corp.—A revised edition of the folder for trustees, trust officers, bankers, institutions, corporations, giving information pertaining to **Keystone B-1. . . . Selected Investments Co.**—Current portfolio memorandum showing diversification of $10,000 in **Selected American Shares. . . . Hare's Ltd.**—Revised folder on **Institutional Securities, Ltd.,** Pertinent Facts to Remember in 1945"; new issue of **Current Considerations.**

Dividends

Commonwealth Investment Co. A dividend of 6¢ a share payable on April 2 to stockholders of record March 14.

First Mutual Trust Fund—A quarterly dividend of 8¢ a share payable April 15, 1945, to shareholders of record March 31. Also a special fiscal year-end distribution of 20¢ a share from net realized profits payable April 26, 1945, to shareholders of record April 23.

How Labor Views Patent Abuses

(Continued from page 1260)

Because of the importance of invention and discovery to the industrial progress of the country, the authors of the Constitution delegated authority to Congress to promote the progress of science and the useful arts, by securing for a limited time, to authors and inventors, the exclusive right to their writings, discoveries and inventions. On this foundation our patent system is based. Regardless of whether a patent right is considered a public franchise, in the broad powers delegated to it, Congress may well regulate the use of exclusive grants to be exercised under patent authority in the public interest.

The welfare of the country as a whole, not the welfare of the individual inventor, is of primary consideration. The inventor is presumed to have produced something of public value. It is only in consideration of a public service rendered or to be rendered, that the Government has provided extraordinary privileges for the inventor.

It is said, "like begets like." So every invention carries with it the seeds of further inventions, not only because of improvements upon the original invention, but because of the new knowledge which every invention gives the public. Inventions too are unlimited. It is not possible that inventions can keep stride with knowledge, nor that science applied to industry may keep abreast of pure science. The field of inventiveness and of discovery, like pure science, is limitless.

However, great economic changes have taken place since the present patent laws first were enacted. A technological revolution has taken place. Then, too, new and larger forms of industrial organization have been evolved. Corporate rather than individual enterprises abound today in our industrial and commercial life. Vast industrial empires have developed and constantly have extended their influence and control and patents have contributed largely to that end. Consequently, earnings and incomes have risen to undreamt of heights. It is estimated that prior to the present war at least 50 patents have yielded in profits more than $1,000,000 a year, that 300 have yielded more than $500,000 a year; 500 to 800 have yielded from $250,000 to $500,000 a year; and between 15,000 to 20,000 have yielded more than $100,000 a year. Many of our patents are said to produce for their owners fortunes larger than they could ever hope to earn in salaries or wages. It is evident therefore that we have entered a new era in the field of patents which requires a new appraisal and evaluation both from the standpoint of the individual inventor and the public to be served.

Employee-Employer Rights to Patents

In our employment relations it is rather noticeable and regrettable that the rights of employer and employee with regard to inventions are not more fully and more accurately understood and more fairly administered. The law would seem quite clear that there is no obligation on the part of the employee to assign to his employer patents obtained for inventions made in the course of employment. Such an obligation can be created only by voluntary agreement, expressed or implied. Nevertheless, we find an increasing tendency of patent agreements being required of employees as a condition incidental to employment.

These agreements commonly cover all employees and require the employees not only to disclose all or any inventions made or conceived along the lines of the company's work and investigation but to execute documents essential and required to vest exclusive right to ownership and use in the company.

While there seems to be a trend toward liberalization of compensation policy in this regard, nevertheless such requirements as a condition precedent to employment are wholly unwarranted. In most instances they do not express the free will of the employee. Such requirements fairly may be said to involve an undue, if not coercive element in our employment relations. This practice does not permit that freedom of contract which rightfully should prevail.

Patent laws designed to protect the individual inventor against exploitation and promote the public good may, and, in many instances, have had contrary results. In some instances they have been used to exploit the general public by circumventing the anti-trust laws. Obviously, patent laws are designed to protect the "owners" of patents as well as the inventors. Thus it has become possible for an entire industrial organization to own all the patents necessary for an entire industry. It can then license others on terms which give it control of prices as well as production. Naturally, limitations came to be placed upon such practices by legal decisions on the pooling of patents.

It is urged that the disclosure of agreements dealing with patents would minimize the abuses which arise by virtue of secret, improper and even illegal agreements. Undoubtedly, the recording of all such agreements would lessen the abuses now practiced. It is doubtful though, whether such recording would in itself prevent these evils and abuses.

In addition, it never was made clear just what constituted a patentable invention. This has led to much confusion and adroit maneuvering. Infringement suits are costly and uncertain. Operating under forces which make it one of the instruments of organized control over industry, this uncertainty as to what is or is not a patentable invention and the possibility of infringements upon it has become a combination of law and of mechanics under which almost any results might be achieved. Certainly the public good is not advanced or protected under such circumstances.

To prevent such abuses and manipulations it is urged that the term of patent be reduced to 20 years from date of filing in the Patent Office. While the reduction in the term of patent protection may lessen some evils due to these practices, it is questionable whether such reduction would go to the root of the evil.

Then, again, the practice of corporate enterprise hiring men to make inventions as their agents has increased in recent years. Thus the patent laws, designed to protect individual inventors, have become effective instruments in evading the real objective of these laws and have provided an effective means of escaping the disorganizing force of too logical an application of the anti-trust laws.

Use and Misuse of Patents

It was also alleged at one time in the councils of the American Federation of Labor that under guise of protective features of our patent laws many useful and valuable inventions were either unused or misused and that monopolies thus had come to profit a comparative few of our citizens instead of benefiting the many. It was urged that our laws be so amended as to require holders of American patents to so work and operate them as would result in actual production within the United States of the article disclosed in such patents in reasonable quantities and within a reasonable time. The American Federation of Labor, while quite unprepared at the time to reach a definite and final conclusion, did direct further study, inquiry and improvements.

While it is alleged that practical considerations made such a requirement undesirable, nevertheless some 85 nations of the world do require that patents issued by them must be utilized. At least they require that patented articles must be produced in the country which issues the patent. Failure to do so can lead to revocation of the issuance of a license to others to manufacture or produce under such patent.

It is interesting to note here that while the National Patent Planning Commission, in its report of 1943, states that "it would not be advantageous to incorporate such a general system in our patent laws," meaning compulsory licensing, nevertheless the Commission recommended a statutory provision as being essential and necessary to the national defense, or required by the public health or public safety. This is a direct admission of the validity of the principle involved, and indicates that its application is a matter of discrimination and judgment. If, therefore, such a principle and practice is sound and is required by the public health and safety, may it not also be said to be sound and essential as applied to our public economy—the public welfare—the public well-being?

Foreign Use of American Patents

It is being recognized generally that industry the world over is becoming more and more Americanized. The penetration of European industry by American inventions is one of the outstanding features in recent years. To a great extent this penetration has been made possible by the protection accorded inventions. It is said in some cases that Europe has held more promise to American inventors, or owners of patents, than America itself.

It is alleged also that because of compulsory license features of patent laws of other nations American manufacturers and owners of patents have found it desirable, if not necessary, to manufacture abroad. Surveys made and statistics compiled by Government agencies indicate that branch factories have been built in foreign countries, that licenses have been issued to producers in foreign countries to produce articles, the patents upon which were granted in the United States. Regardless of whether this practice is attributable to foreign patent laws, the fact remains that such developments do have a deleterious effect upon our own economy, and do affect our domestic investors as well as our workers.

With the world demoralized from an industrial point of view, and with the greatest world demand for durable goods for machine tools ever experienced; with practically no financial resources to assure prompt purchase payments, either by foreign governments, groups or individuals or a combination of the two, it is reasonable to assume that American capital will be attracted primarily in the establishment of original or branch factories abroad, or associate itself with foreign capital in so doing. Undoubtedly one of the outlets for international investment will be the supply of foreign demand. It is equally certain that in time such investments and establishments of factories abroad will be used to market the goods so produced on our domestic market which, in the final analysis, is the most lucrative market in the world.

Such a situation is not inconceivable. This sort of development had its origin even before the war, and has made considerable progress up to Pearl Harbor. With impoverished labor throughout the world, the danger of such dormant tendencies is greatly increased.

Labor of America is fully aware of these possible consequences inherent in post-war developments and in which the patent laws of the world will play an important part.

Together with these features of our patent laws, inherently related to them, exist American tariff provisions which at present restrict the importation into our country of any patent or trademarked article without the written consent of the owner or holder of the trademark. Under these provisions, the owners or holders of American or European patents not only may deprive American workers of opportunities of employment, but the American public may also be required to pay a greater price for the foreign-produced article than the owner or his license may require for the same article by peoples of other lands.

Furthermore, America now is asked to enter an era of surplus production in order to meet the immediate demands of a devastated Europe and Asia. We have been told that a surplus production economy will provide employment approximately to 60,000,000 of our working population. Surplus production for the next few years will be welcomed by these devastated lands. It may prove helpful in meeting our own immediate re-employment problems due to reconversion. Nevertheless, with foreign industries newly equipped with automatic machinery managed by modern American methods, with low labor standands prevailing abroad, we may well, in subsequent years, find that foreign patent laws with their compulsory license features will contribute greatly to the curtailment of the foreign market for surplus American production.

Organized labor is not unmindful of future disastrous results likely to follow. It is seriously disturbed by the possible consequences of some of our proposed post-war plans, in which patents as well as other trade barriers are involved.

Patent Control Under Changing World Conditions

Perhaps the most important of all questions is the one embracing the future world of patents in the changing relationships taking place among the governments of the world. There is no doubt that post-war Europe will become increasingly collectivist. Private capitalism, as we Americans understand the term, is on the decline in the rest of the world.

As collectivism grows in strength so parliamentary and democratic governments diminish in power and influence. *Undoubtedly exports and imports as well as patents will come under even greater governmental control.* With more strict Government limitation, if not restriction, imposed on private ownership, what condition will govern? It is evident that our system of patents will be seriously affected and must be modified to meet changing world conditions and relations.

In this regard, the Russian situation is particularly interesting. The Russian patent system, like all Russian activity, is designed to strengthen the totalitarian controls which obtain in that country. To that end all the resources of the country are exploited. There is no room in the Soviet system for investment of foreign capital. Its requirements from the outside world are limited to obtaining assistance in accordance with the best known practices for organization and operation of business establishments.

The industrial system, then, is dominated by the Government so that there is no opportunity for private individuals to engage in privately owned enterprises, and to make a private profit. All profits accrue to the Government.

While the Russian patent system may follow in form the patent system of other countries, this is probably only because Russia has not yet devised a patent system entirely satisfactory to Soviet domestic economy.

Like any other patent system, it is designed to encourage invention by its own people, and to encourage foreigners to disclose their inventions to Russia and to make them available to it for use.

The Russian patent system embodies one feature not found in systems of other countries in that it provides means to enable inventors to exploit such of their inventions which are considered of utility to the national economy.

A planned national economy such as that of Russia does not provide for private economy. This patent system which, by its very nature, sets up private enterprise, is designed to put the central government in control of any rights which are granted, so that no power over industrial organization can remain in the hands of private individuals who might thereby guide, to some extent, the national economy. This has been accomplished by a series of simple expedients, harmless enough in appearance, but which readily can be administered in such fashion as to gain the desired result.

If a patent holder in Russia is to dispose of his patent rights, he must do so to a government-owned industry, there being no other industries in Russia. If a foreign citizen or industry is to dispose of his or its invention, they can only dispose of it to a government industry only if the Soviet Government deems it necessary or useful to the national economy, and then it must be done within three years. Otherwise, a compulsory license will be granted and the price of the invention is fixed by a government board of arbitration.

Where the government industries are unwilling to wait three years to acquire an invention, they may arrange for its purchase on terms satisfactory to the patent owner. However, this system precludes the possibility even of preventing the use of the invention for any length of time, for example, to permit the patent owner to import materials into Russia or to prevent the Russians from duplicating it if they saw fit.

In other words, the patent system of Russia, which will serve as a pattern and guide for other countries, particularly those coming within the sphere of influence of Russia, will leave a foreign person or industry entirely to the tender mercies of Russia. Foreigners only can deal with Russian industries at their own risk. Only where Russia is anxious to acquire foreign technical service, patents involving material or processes used in connection with such technical assistance may Russian controlled products be sold under negotiated and, in instances, fair terms. Likewise, where an article is imported and not manufactured in Russia, a foreign patent holder in Russia gains an advantage over a competitor attempting to sell an infringing article. On the other hand there is no possible way in which he can prevent the use of his patent, or even dictate the manner in which it may be used.

Conversely, we here in America are the only nation which offers freely and without limitation to Russia, and to all other nationals not only the opportunity for exclusive production rights. We also grant them the opportunity for the exclusive control of our home market in which to exploit patented inventions to the great detriment of our home industries, workers and the public generally.

Patent System Needs Reappraisal

In the light of post-war possibilities it would be well to re-appraise the whole of our patent system.

We quite agree with the National Patent Planning Committee in its comments upon our present patent system, when it says: "As with any system of long standing, conditions arise which were not foreseen at the time of its establishment." We concur in the recommendation of the Commission that "the American patent system should be adjusted to meet existing conditions without destroying its basic principles."

We urge, however, that the basic principles should be so applied as to assure the distribution of benefits of patented inventions to all of our people and not permit manipulation and abuses which result in the enrichment of a comparatively few. We urge also that our patent system be so constituted and administered as to assure the perpetuation of our free enterprise system, and not permit of its use as a means of developing great private monopolies or empires which, with tendencies of unrestraint, ultimately can result only in undermining and destroying our American democracy and our American way of life.

The security and perpetuity of our freedom, free enterprise, and our free labor must not be sacrificed for immediate profits.

To that end we favor a thorough unbiased and unprejudiced study and inquiry of this whole subject and the enactment of laws which will provide for a constructive and progressive system of patented enterprise.

Lipe-Rollway Corporation
Convertible $1 Preferred Stock
Class "A" Stock
Circular on request
HERRICK, WADDELL & CO., INC.
55 LIBERTY STREET, NEW YORK 5, N. Y.

The Securities Salesman's Corner

Handling a Sell-Out

By JOHN DUTTON

There are times when it is necessary to call the attention of customers to the fact that certain securities have reached a level where disposal is indicated. It is always a more difficult task to pick the right time to sell than it is to buy. Especially is this true, if the customer has a limited knowledge of values, market experience, and of trading ability. An experienced investor expects to make mistakes, the inexperienced have yet to learn this first lesson regarding successful investment.

From the standpoint of the salesman, there is only one way to guard against future criticism, in the event you are wrong and the security that you have advised your customer to sell moves higher—that is, BE EXPLICIT. Regardless of how little or how much experience your customer has had in handling his investments, if you give him the reasons why you believe a sale should be made, you will eliminate a large possibility of future criticism, in the event that a particular security moves higher after you have sold it out.

There are always legitimate reasons why securities should be sold, just the same as there are reasons why they should be bought. When you believe it is time to get out, marshall your facts and present them carefully and logically to your customer. Memory is short. That is why you should make your points, your reasons, and your deductions so factual and clear, that six months after you have had the discussion you can always go back to your original premise and remind your client that regardless of where his stock or bond went after he sold it—he still was well advised.

It is just human nature that people seem to take all the credit for their own profitable ventures in securities, and pass on all the complaints to their broker or their securities dealer. If you allow your customers to do this, they'll get away with it if they can. There is no better way than this to lose the respect and the confidence of a customer. It is much better to make one point absolutely clear right at the start. Neither you nor your firm is infallible. You expect to make some mistakes. But these mistakes will be held to as small a percentage of correct and profitable recommendations as is possible. That it is the "overall performance" of your customer's entire portfolio that counts. That safeguarding principal in times like these is one of the most difficult tasks, let alone increasing it—but you can only accomplish this end, if your **customer works with you** and understands the objective in view.

Once you have established this basis of mutual understanding with your clients, you can then go to them and discuss specific securities which you believe should be sold out of their portfolio, on an entirely different basis than if you just advise taking a profit. If you are wrong and the market moves higher—your customer will never thank you for being wrong—of this you can be certain. But if he knows that in the long run of things, your policy of protecting paper profits, watching for internal weaknesses in specific holdings or for changes in outside circumstances that might affect values WILL HELP HIM TO SAFEGUARD PRINCIPAL AND MAINTAIN HIS OVER-ALL POSITION IN A WELL-BALANCED LIST OF SECURITIES, then even when you are wrong, your customer may bark a bit, but "his bark will be worse than his bite."

War Production Past and Future

(Continued from page 1259)

ment to me that they had not been made public before.

When I told Paul this, and told him that I was to see the men of Rotary here today he generously agreed that I could give out these figures, together with some warnings, and some critical interpretations, so that no one—when he heard these figures—would drift off into some comfortable dream that just because the country has accomplished one production miracle, our job is finished.

I want to try to prove to you in these few minutes that, much as we have done in the past, our job really is just beginning. I don't say that as a pious platitude. You read the newspapers, as I do. You know that in Europe it is possible we may be seeing the beginning of the end, but in the Orient, regardless of the brilliant achievements of our military forces—Army, Navy and Marine—we are still witnessing incidents, not finalities. There is still a desperately serious job to be done, and no man can see the end.

Do you all remember that evening soon after Pearl Harbor—Jan. 6, 1942—when President Roosevelt—that dreamer in the White House, who had never met a payroll—issued his call for 60,000 planes, 8 million deadweight tons of shipping, 45,000 tanks?

How many of us here thought it a terribly high goal to set? Maybe some looked on it as a usual American exaggeration—all right to hope for and maybe frightening to the enemy—but not very realistic.

Well, today I can tell you that since July 1, 1940 and up to the first of this year, we have produced 246,845 airplanes of all types. These have a total airframe weight—and weight is really a more accurate measure of airplane production than is number—of 1,992,587,000 pounds. Of these, 28,471 have been heavy bombers having a total airframe weight of 607,899,000 pounds. In merchant vessels we have produced 45,384,000 deadweight tons of ocean-going cargo ships. Of naval vessels there have been constructed no fewer than 56,697. Think of that!

Of machine guns we have produced 2,422,099, and of rifles, 5,942,385. We have produced 5,163,826 carbines and 1,926,405 submachine guns.

The President wanted 45,000 tanks. Well, we have actually turned out 75,000 tanks, and 130,017 tank and self-propelled guns to go with them. We have turned out 55,252 field artillery weapons, 8,669 of them over 105-mm. We have produced 110,945 trucks over 2½-ton capacity and 658,523 light-heavy trucks.

We have produced 37,198,000,000 rounds of small arms ammunition. We have produced 2,927,502 short tons of ground artillery ammunition; 4,130,000 short tons of aircraft bombs, 59,646,000 grenades.

Our communications, radio and electronic equipment represent a combined cost of $9,405,000,000.

Here is the full list of figures:

Cumulative Production of Selected Munitions Items July 1, 1940-December 31, 1944

Item— Unit	Cumulative July 1, 1940 thru Dec. 1944
Aircraft	
All airplanes, number	246,845
Airframe weight	1,992,587,000 lbs.
Heavy bombers, number	28,471
Airframe weight	607,899,000 lbs.
Fighters, number	79,776
Airframe weight	412,589,000 lbs.
Transports, number	19,547
Airframe weight	192,356,000 lbs.
Ships	
All naval vessels (bureau ships), number	56,697
Displacement	6,871,000 tons
Combatant ships, number	1,091
Displacement	2,985,000 tons
Landing vessels, number	51,364
Displacement	2,543,000 tons
All maritime vessels, number	4,631
Deadweight	45,384,000 tons
Dry cargo, number	3,114
Deadweight	32,135,000 tons
Tankers, number	634
Deadweight	9,105,000 tons
Military types, number	519
Deadweight	2,321,000 tons
Army Ordnance and Vehicles	
Material and Vehicles—	
All machine guns, each	2,422,099
All rifles, each	5,942,385
Carbines, each	5,163,826
Submachine guns, all types, each	1,926,405
Army antiaircraft guns, each	48,952
Tank & self-propelled guns, each	130,017
All field artillery (ex. spare cannon), each	55,252
Over 105-mm (ex. spare cannon), each	8,669
Mortars (including 4.2-inch chemical), each	71,124
Tanks, all types, each	75,204
Armored cars, each	14,767
Heavy-heavy trucks (over 2½-tons), each	110,945
Light-heavy trucks (2½-tons), each	658,523
Ammunition and Bombs—	
Small arms ammunition	37,198,000,000
Aircraft gun ammunition	337,046,000
Ground artillery ammunition (short tons)	2,927,502
Ammunition for guns over 105-mm	21,825,000
Motar.shells	73,067,000
Aircraft bombs (short tons)	4,130,000
Land mines	21,910,000
Grenades	59,646,000
Communication and Electronic	
All communications and electronic equipment	$9,405,000,000
Radio	4,459,000,000
Electronic equipment	2,827,000,000

Now these are some stratospheric figures; no country has remotely matched them and every American may justifiably feel pround of his country, that in four years became such an arsenal. Now I can imagine that somebody may be saying: If we have produced at that rate and if we are continuing to produce at a rate—which is approximately the case—equal to the present combined total production of all our Allies and enemies, why can't we start talking about reconversion to civilian goods?

Well, we were in some mighty serious trouble in November and December. I doubt if the true situation ever was widely understood but as long as I am dealing in news here today I might as well discuss it.

Late last summer and early fall many of our people thought the war would be over in Europe by November or December. Civilians were not the only ones who thought so. Many of our military leaders, as you remember, went on record to the same effect.

In WPB we had some rather extensive plans for reconversion for the country. And we did quite a bit of reconverting of our own. At one time we were issuing spot orders for return to civilian goods manufacture of 1,000 a week.

In WPB and in the military constant pressure was kept up for continued production of orders on hand, but there was a fairly widespread slowing down in placing new orders for many things. Partly, this is because the military expected the fighting in Europe to end soon, and partly because battle experience was causing them to turn to new models in many of their requirements and they did not have, at that time, their completed plans and specifications for all the new models.

But the effect of this on the average manufacturer was obvious. I recall myself making one of my infrequent visits to the Philadelphia plant that I left when I entered the Government service; I remember that the manager there let me look at his backlog of orders and pointed out to me how they had been shrinking. He told me that as a consequence he was cutting back on his orders for new steel, which seemed to me like the obvious thing to do.

That sort of thing went on quite widely in industry. I suppose it is responsible, among other causes, for our present very stringent situation in steel. Everywhere buyers were cutting back so that when the end came, they would not be caught with surplus inventory. In the meantime, the augmented Pacific campaign, including the landings in the Philippines, got ahead of schedule, and its very speed was an added drain on supplies.

Moreover, no sooner had these cutback plans begun to take shape and most of us started thinking about the good old days, than the Germans suddenly stiffened. Then came the Ardennes break-through.

There we were, involved up to our necks in an all-out, two-front war, suddenly grown desperately serious, and with much of our war production here gradually slumping off, with manpower daily growing tighter.

With this picture I think you can understand why we at WPB seemed a little bit frantic in our outcry for production a few weeks ago. It was, and is, serious. More goods in many critical items, but particularly ammunition, heavy guns, combat vehicles, tires, bombs and rockets, must be available and quickly. The next point I want to get over to you is that we must learn a lesson from this recent experience.

We must not underestimate the Japanese any more than we have now learned not to underestimate the Germans. We have got to get our domestic production up to the necessary level immediately and, gentlemen, we have got to keep it there until the very last shot is fired. My experience with our thinking and talking about reconversion early last fall leaves me with the feeling, much as I regret to have to say so, that this is no time to be even talking about reconversion, and I'm convinced that we've got to be much more cautious in talking about it in the future.

Such thinking and such planning—and I wish this were **not** so—seems immediately to reflect itself in less energetic war production. Most of us believed for a long time that we could carry forward two jobs at once—think reconversion while producing all-out. We tried and we couldn't do it. I don't want to sound too much like a pessimist. I am just speaking to you with deepest sincerity from the basis of our actual experience.

I am a little proud in my own mind that I never set a date for the end of the German War. I am not going to set a date for the end of the Japapese war. I read the good headlines with great interest and much delight but there are three things about the Japanese that must not be overlooked: (a) The Japanese land army is numerically today just about as large as the German army was at its peak; (b) the largest portion of the Japanese army and what is really their "first-team" army is still up north in Manchuria; (c) they are still a desperately dangerous enemy with completely unknown powers of continued resistance.

Our present naval operations and victories must certainly be preliminary to big military landings somewhere, at the end of supply lines three times as long as those that have separated us from the Germans, and lacking an advance fortress base such as we had in Britain, we must conduct a land war, possibly of a scale comparable to that we have waged in Europe, at that tremendous distance.

I have no crystal ball. I cannot pretend to tell you what is coming. I only say that in war it is best and least expensive to prepare for the worst. The war in the East may be a much bigger affair than many of us have supposed. This means a bigger, and a different, production job.

Our war factories are today turning out weapons that are not the same as the weapons we were producing only a year ago. The pattern is generally larger and always better. I can tell you that our military men may not use much of the equipment they have employed in Europe against the Japanese. Secretary Stimson says they will use what they can. But men fighting in the tropics and in many parts of the Orient require, as you know, different clothing than men fighting in northwest Europe. Weapons designed for the fairly good highways and rail transportation of Europe are not necessarily adapted to the primitive conditions of the Far East.

Further than that, just the mechanical job of cleaning up, repairing and packing much of the equipment, which we have been using in Europe, so that it could be shipped to the Pacific is an appalling job and to a very considerable degree simply not practicable. Anyone who has been through the business of assembling materiel and spares at the point of production for use abroad will understand that situation only too well.

I think the inevitable result must be therefore that as we move to the Orient from Europe, our Army and Air Force will have to be pretty completely reequipped. This is another part of the big job ahead of us.

Another point that may interest you here in this largest embarkation port in the world is that your burden of transportation and shipping may not be substantially reduced. Many have thought that as the war moved to the Pacific that our West Coast ports would bear the full impact. This is not necessarily the case, and for a number of reasons.

One of these is that you can count the trunk rail lines running over the Rockies on not too many fingers. You know the ports of the West Coast, and their capacity. They are already chock-a-block. Indeed, the seventh fleet, which is Admiral Kincaid's fleet, operating off the Philippines is already being supplied in considerable part from Bayone, N. J.

Another reason has to do with distance. Sometime, just for fun, lay a string on a globe from Chicago, or any point east of Chicago, through New York, to Gibraltar, through the Mediterranean, Suez, the Red Sea and the Indian Ocean up to Manila.

Then, run another string from Chicago, or whatever city you choose, over the Continent, through San Francisco, along the Pacific sea lanes to the great depots in Australia and thence northward to Manila.

You will find your string through New York is the shorter. You men of New York are to be key figures in the war for some time to come. I can promise you that.

I remember last summer Donald Nelson, Charlie Wilson, Cap Krug, and myself were thinking in terms of a 40% reconversion at the end of the German war. Today whenever we think of those cut-back figures at all, which I can assure you is rarely, our most optimistic figures for post V-E Day reconversion is 20%, and certainly I don't see that ahead for many months. All-out production up to the moment of the firing of the last shot inevitably means that we shall end with vast quantities of surplus goods. I have heard estimates that these goods wlll range in cost from $25,000,000,000 to $50,000,000,000.

We are going to be criticized for having overbought. One of our top generals told me one day that after the war he was going to try to find a nice little house up near the Capitol, because he knows he will spend the next five years explaining to one Congressional Committee or another why there was such a surplus. Well, I have explained to you why we must produce up to the last shot. It's an inescapable concomitant of well planned war. You might as well face the fact now and not cry about it later.

We went through all this once before, you remember. Back in 1921 a House Committee had Charlie Dawes before it. Charlie, of course, had been the purchasing agent for the AEF.

The scene was described to me the other day. All morning Dawes squirmed in his chair, bit at his pipe, his annoyance getting beyond control. Representative Bland asked him, "Is it not true that excessive prices were paid for some articles?"

"Sure, we paid," Dawes rasped, "we didn't stop to dicker. Why, man alive, we had to win the war."

"Is it not true," Bland persisted, "that excessive prices were paid for mules?"

"Hell and Maria," Dawes exclaimed, leaping from his chair, "I would have paid horse prices for sheep if the sheep could have pulled artillery to the front!"

Well, gentlemen, I used some pretty big figures, $25,000,000,000 to $50,000,000,000, for the material that may be left on our hands when the shooting stops. That, of course, is purely a speculative figure. The point I am trying to make is that the necessity for all-out production, well past any possible military danger, will mean a certain inevitable amount of weapons and supplies left over. What we are asking is that our production people—our working men and women, our plant managers and owners—paddle the canoe right up to the brink of the waterfall. This means we must provide some shock absorbers for labor and management, financial and other help for workers if they need it in making the transition from war jobs to peacetime jobs, contract termination provisions for management. We must resolve now not to heap blame on the supply officers and production men who are ordering the material and getting it out. These all add to the cost of the war.

And it is likely that we shall end up with a lot of planes in which the aluminum is not worth melting down for the one-half cent a pound or so it will bring. Certainly we shall have a great many tanks that we won't know what to do with; we may have ships rusting at anchor, and have on our hands thousands of other items necessary in war but valueless in peace.

Yes, the price of all this may be big; but it is part of the cost of victory. And, gentlemen, in the quickest possible winning of that war we shall have saved the civilization of the world.

Anchor Hocking Glass Preferred Marketed

Kidder, Peabody & Co. and Hayden, Miller & Co. on March 21 offered 70,000 shares of Anchor Hocking Glass Corp. $4 cumulative preferred stock, (no par), at $107 a share plus dividend.

The corporation is offering to holders of its 34,436 outstanding shares of $5 dividend preferred stock the right to exchange such stock for new $4 preferred stock on a share-for-share basis, plus $3 in cash. The cash payment represents the excess of the redemption price for the $5 preferred stock over the initial offering price for the new share. Outstanding preferred shares not exchanged will be redeemed at $110 a share and accrued dividends. The underwriters agreed to purchase any of the 34,436 new shares not issued under the exchange plan and 35,564 shares not reserved for exchange. The exchange privilege expires March 30.

Slaughter Horne to Admit

Slaughter, Horne & Co., 66 Beaver Street, New York City, will admit Bernard Colodney to partnership in the firm as of March 29.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1264)

Jones & Laughlin between 28 and 29; stop 27.

Phelps Dodge between 26 and 27; stop 25.

U. S. Rubber 54-56; stop 53.

* * *

You already hold a number of stocks. Here they are with the prices you bought them and the stops:

American Steel Foundries was bought at 28. Current price is about 31½. Hold it with a stop at 29½.

Baldwin Locomotive, bought at 26 is now about 29. It too should be held with a stop at 28.

Crucible came in at 38. Currently it's about 44. Acts okay. Hold it with a stop at 42.

National Lead was bought at 26. It hasn't done much since. Current level is just a fraction or so above 26. Lead's stop is 24.

* * *

So much for the stocks you hold, and the ones you may get before the week is over.

* * *

The news during the week wasn't much to change the market picture. Inflation talk which has its ups and downs, seems temporarily to be muffled. It won't be muffled for long. It will come back into the news very shortly. How inflation will take hold, when as and if, is something else. This column can't protect you against the unknown. The best thing it can do, or at least can try to do, is to keep you from losing too much money. Perhaps it can even show you how to make some. If it does that it has justified its purpose.

* * *

There is another thing this column can't guard against—mob psychology. A rumor of a margin increase; a limiting of stocks which will be permitted margin buyers, all dealing with the mechanics of the market, can and do bring out selling. But seldom is this selling sustained or does it get far, assuming that the underlying structure of the market is unimpaired. More often than is generally realized a piece of news or a rumor comes at a time when a reaction is already indicated. When that is the case, and the column is aware of it, you get ample notice. But a public overtaken by fear or glee can take markets and make them do things that nobody can foresee.

* * *

A war and its problems added to post-war planning plus the complications of international economic and monetary policy can also swing the pendulum of mass opinion pretty widely.

To guard against all of them is practically impossible. The only thing this column can do is to watch the market and guide itself by what it thinks it sees there.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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Dealer-Broker Investment Recommendations and Literature

(Continued from page 1262)

Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

Also available are memoranda on **Black Hills Power & Light, Empire District Electric, Missouri Utilities**, and **Southwestern Public Service.**

Central Iron & Steel—Bulletin on recent developments—**Lerner & Co.**, 10 Post Office Square, Boston 9, Mass.

Chicago, Milwaukee, St. Paul & Pacific Railroad Reorganization—Latest developments—**Vilas & Hickey**, 49 Wall Street, New York 5, N. Y.

Chicago, Milwaukee, St. Paul & Pacific Railroad—Complete arbitrage proposition—**Sutro Bros. & Co.**, 120 Broadway, New York 5, N. Y.

Cross Co. Common Stock—Analysis of reasons for considering this an attractive low-priced situation—**F. H. Koller & Co., Inc.**, 111 Broadway, New York 6, N. Y.

Crowell Collier Pub.—Special research study—**Goodbody & Co.**, 115 Broadway, New York 6, N. Y.

Electronic Co. Common—Report discussing this stock as an attractive low-priced dividend payer—**Hughes & Treat**, 40 Wall Street, New York 5, N. Y.

Fashion Park, Inc.—Post-war outlook—**Simons, Linburn & Co.**, 25 Broad Street, New York 4, N. Y.

Garrett Corporation—Brochure and statistical information, available to dealers—**Fred W. Fairman & Co.**, 208 South La Salle Street, Chicago 4, Ill.

Great American Industries—Descriptive circular—**J. F. Reilly & Co.**, 111 Broadway, New York 6, New York.

Also available are circulars on **Flour Mills, Foundation Co.**, and **Wellman Engineering.**

Hajoca common—Memorandum—**Buckley Brothers**, 1529 Walnut Street, Philadelphia 2, Pa.

M. A. Hanna Co.—Engineering field report—**Herzog & Co.**, 170 Broadway, New York 7, N. Y.

Indiana Gas & Chemical—Late memorandum—**First Colony Corporation**, 70 Pine Street, New York 5, N. Y.

Interstate Aircraft & Engine Co.—Circular—**Hirsch & Co.**, 25 Broad Street, New York 4, N. Y.

Laclede Christy Clay Products—Memorandum—**Herzog & Co.**, 170 Broadway, New York 7, N. Y.

Lehigh Valley RR.—Circular on the general consol. 4s-4½s-5s, 2003—**McLaughlin, Baird & Reuss**, One Wall Street, New York 5, N. Y.

Long Bell Lumber Company—Memo discussing enviable post-war outlook and earnings possibilities—**Comstock & Co.**, 231 South La Salle Street, Chicago 4, Ill.

MacFadden Pub. Inc.—Descriptive circular—**C. E. de Willers & Co.**, 120 Broadway, New York 5, N. Y.

Magnavox Company—Brochure and statistical information, available to dealers—**Fred W. Fairman & Co.**, 208 South La Salle Street, Chicago 4, Ill.

P. R. Mallory & Co., Inc.—Analytical discussion—**Steiner, Rouse & Co.**, 25 Broad Street, New York 4, N. Y.

Mohawk Rubber Co.—Discussion of attractive prospects for return and appreciation—**Ward & Co.**, 120 Broadway, New York 5, N. Y. Also available are late memoranda on:

Du Mont Laboratories "A"; Great American Industries; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Electrolux; Brockway Motors; Scovill Mfg.; Bird & Sons; Riley Stoker; Alabama Mills, Inc.; American Hardware; Douglas Shoe; Hartford-Empire; Maine Central Pfd.; Purolator; Moxie; Southeastern Corp.; United Piece Dye Works; S. F. Bowser; Detroit Harvester; Boston & Maine; Buda Co.; Deep Rock Oil; Federal Machine & Welding; Gleaner Harvester; Liberty Aircraft Products; Lamson - Sessions; Berkshire Fine Spinning, Bowser, Inc.; New Jersey Worsted, and P. R. Mallory.

National Monthly Stock and Bond Quotation Service—Free trial offer being made by **National Quotation Bureau, Inc.**, 46 Front Street, New York 4, N. Y.

National Radiator Co.—Analysis, for dealers only—**C. E. Unterberg & Co.**, 61 Broadway, New York 6, N. Y.

Oxford Paper preferred & common—Analytical study—**Goodbody & Co.**, 115 Broadway, New York 6, N. Y.

Panama Coca-Cola—Discussion of this situation—**Hoit, Rose & Troster**, 74 Trinity Place, New York 6, N. Y.

Peoples-Pittsburgh Trust Company—Analysis—**W. J. Banigan & Co.**, 50 Broadway, New York 4, N. Y.

Pittsburgh Railways—Current study—**First Colony Corporation**, 70 Pine Street, New York 5, N. Y.

Public National Bank & Trust Company—Analysis, for dealers only—**C. E. Unterberg & Co.**, 61 Broadway, New York 6, N. Y.

Schenley Distillers Corporation—Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation**, 350 Fifth Avenue, New York 1, N. Y.

Seaboard Railway Company—Complete arbitrage proposition on request—**Sutro Bros. & Co.**, 120 Broadway, New York 5, N. Y.

Standard Stoker common—Memorandum—**Buckley Brothers**, 1529 Walnut Street, Philadelphia 2, Pa.

Wellman Engineering Company—Prospects discussed—**Wm. J. Mericka & Co., Inc.**, 29 Broadway, New York City.

Western Light & Telephone—Descriptive circular—**Buckley Brothers**, 1529 Walnut Street, Philadelphia 2, Pa.

Wilmington Chemical Corporation—Descriptive circular—**Hill, Thompson & Co., Inc.**, 120 Broadway, New York 5, N. Y.

Yuba Consolidated Gold Fields—Analytical discussion of possibilities for price enhancement—**Cartwright & Parmelee**, 70 Pine Street, New York 5, N. Y.

Thomas Lynch Joins J. A. Ritchie & Co.

J. A. Ritchie & Co., Inc., 70 Pine St., New York City, announce that Thomas M. Lynch, formerly head of T. M. Lynch & Co., is now associated with them in their municipal trading department.

With Stifel, Nicolaus & Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, MO.—**Bert A. Doering** has become connected with **Stifel, Nicolaus & Co., Inc.**, 314 North Broadway. Mr. Doering in the past was with Scherck, Richter Co., H. L. Ruppert & Co. and Peltason, Tenenbaum & Harris.

DIVIDEND NOTICES

a.c.f.

AMERICAN CAR AND FOUNDRY COMPANY

30 CHURCH STREET NEW YORK 8, N. Y.

There has been declared, out of the earnings of the fiscal year now current, a dividend of one and three-quarters per cent (1¾%) on the preferred capital stock of this Company, payable April 2, 1945 to the holders of record of said stock at the close of business March 26, 1945.

Transfer books will not be closed. Checks will be mailed by Guaranty Trust Company of New York.

March 15, 1945

CHARLES J. HARDY, *Chairman*
HOWARD C. WICK, *Secretary*

AMERICAN MANUFACTURING COMPANY
Noble and West Streets
Brooklyn, New York

The Board of Directors of the American Manufacturing Company has declared the regular quarterly dividend of $1.25 per share on the Preferred Stock and a dividend of 50c per share on the Common Stock of the Company. Both payable April 1, 1945 to Stockholders of Record at the close of business March 12, 1945. The stock record books will be closed for the purpose of transfer of stock at the close of business March 12, 1945 until April 2, 1945.

ROBERT B. BROWN, Treasurer.

"Call for PHILIP MORRIS"

New York, N. Y.
March 14, 1945.

Philip Morris & Co. Ltd., Inc.

A regular quarterly dividend of $1.00 per share on the Cumulative Preferred Stock, 4% Series, has been declared payable May 1, 1945 to holders of Preferred Stock of record at the close of business on April 16, 1945.

There also has been declared a regular quarterly dividend of 75¢ per share and an extra dividend of $1.50 per share on the Common Stock, payable April 16, 1945 to holders of Common Stock of record at the close of business on March 30, 1945.

L. G. HANSON, Treasurer.

THE GARLOCK PACKING COMPANY

March 20, 1945

COMMON DIVIDEND No. 275

At a meeting of the Board of Directors, held this day, a quarterly dividend of 50¢ per share was declared on the common stock of the Company, payable March 31, 1945, to stockholders of record at the close of business March 24, 1945.

R. M. WAPLES, *Secretary*

UNITED SHOE MACHINERY CORPORATION

The Directors of this Corporation have declared a dividend of 37½c per share on the Preferred capital stock. They have also declared a dividend of 62½c per share on the Common capital stock. The dividends on both Preferred and Common stock are payable April 5, 1945, to stockholders of record at the close of business March 20, 1945.

WALLACE M. KEMP, Treasurer.

UNITED STATES SMELTING REFINING AND MINING COMPANY

The Directors have declared a quarterly dividend of 1¾% (87½ cents per share) on the Preferred Capital Stock payable on April 14, 1945 to stockholders of record at the close of business March 29, 1945. No dividend was declared on the Common Stock.

March 20, 1945.

GEORGE MIXTER, *Treasurer.*

Universal Pictures Company, Inc.

DIVIDEND

The Board of Directors has declared a quarterly dividend of 50c per share on the outstanding stock of the Company, payable April 30, 1945 to stockholders of record at the close of business on April 16, 1945.

The Western Union Telegraph Co.

DIVIDEND NO. 272

A dividend of 50 cents a share on the Class A stock of this company has been declared payable April 16, 1945, to stockholders of record at the close of business on March 23, 1945.

March 13, 1945.

G. K. HUNTINGTON, Treasurer.

CED Reports on the Bretton Woods Plans

(Continued from page 1261)

from this press conference as well as the full text of the Committee's statement:

Committee for Economic Development Press Conference

March 19, 1945

The Committee for Economic Development

Mr. Anthony Hyde (Director of Information): CED, as most of you know, is a business organization. It is non-political, it is nongovernmental, it is independent from every other business organization, although it seeks to cooperate with both business and government in the sphere of planning for more post-war jobs.

It is supported by contributions from individual businesses. We have about 2,000 contributors. The average contribution is about $700. We will not accept more than $25,000 from any one contributor, so if any of you were thinking of giving us $50,000, we would have to respectfully decline the gift.

The CED is doing two kinds of things: It is stimulating individual business men to plan for expansion because we feel that unless business plans for that expansion, business by business, we would have little hope of getting the additional jobs that we need after the war.

In addition to that kind of work, we have a Research Committee which is studying the economic policies which will be necessary if the plans that business men are making for expansion will actually be able to be put into effect. Sometimes that is referred to as economic climate.

Mr. Ralph Flanders, who is going to conduct the conference today, is Chairman of our Research Committee. He will explain to you a little bit about how that Committee operates. I might just say by way of a quick introduction, that we have a Committee of Business Men. We have an Advisory Board of Economists and Social Scientists who advise them, and then we have a Research Staff, including what we call "project heads" who may be independent economists; that is, economists not attached to CED who are retained to make specific studies.

Mr. Flanders is going to start out by giving a little bit of background about the Research Committee and how it operates and a little bit of background on the Bretton Woods Proposals, and after that, just shoot the questions.

Mr. Flanders: I am glad some of you thought it worthwhile to come out here. I will say a word or two about the process by which the policy reports of this Research Committee are developed, because this particular report was worked out in the same way. Mr. Hyde spoke of the Committee itself. You have a list of them.

We are not representative; we are a group of individuals.

Eric Johnston does not speak for the United States Chamber of Commerce; neither I nor Chester Davis speak for the Federal Reserve Bank, and so on; we are a group of individuals, largely self-selected, because we had what the Quakers called "a common concern"; that is to say, we are seriously concerned about the problem of high level of employment in production.

Mr. Bratter: May I ask a question on the representativeness of the Committee? Is this Mr. W. L. Clayton the Assistant Secretary of State?

Mr. Flanders: He is, and he was a member long before he was Assistant Secretary of State. This is a mere incident in his career.

Mr. Bratter: I was wondering whetner the State Department endorses your report.

Mr. Flanders: No, we hesitated to throw him off when he became Assistant Secretary of State. . . .

Now, this report we are going to look at this afternoon, is a portion of the report on foreign trade, and the specialist who wrote the monograph on that was Dean Calvin Hoover, Dean of the Graduate School of Duke University. He wrote a draft on two occasions during the preparation of that monograph on foreign trade. He sat in day long and night long consultation with this Committee of Business Men, the Research Committee, with the Advisory Group of Social Scientists, and with our Research Staff. . . .

I may say also that we have had the very great advantage of a number of guests, some of them have been with us almost from the beginning, particularly guests from the American Federation of Labor and the CIO. . . .

Bretton Woods Proposals

Now, the position that it seems proper for the country to take is that both the Bank and the Fund are needed instruments of international trade, and exchange stabilization; but we do feel that the work properly of the Bank needs to be strengthened to safeguard the Fund. There is one type, essentially, you can look at all of the operations of both the Bank and the Fund as loans.

In the operation of the Fund, under normal conditions with the world trade at a general balance, certain currencies would be short and they would be borrowed from the Fund. When those currencies again become plentiful in the borrowing country they would be returned to the Fund. That is essentially a borrowing operation, though not so named.

Besides that, there is the loan and borrowing operation set up primarily for the Bank of loaning for specific projects, which is also a very much needed international financial operation, but there is a third kind of loan which will also be necessary which is not specifically provided for either in the Fund or the Bank, and that is the type of a general stabilization loan for helping to stabilize and bring back into normal relationships of world trade the economy of a given country. . . .

Now, the fear has been that that type of loan might be taken up by the Fund, might be thrown into the Fund, instead of the type of loan which would take care of normal needs and fluctuations in currency.

If these funds were on a large enough scale, and if these stabilization loans were on a large enough scale and were all thrown into the Fund, it would seem that the fear is justifiable that the Fund might suffer from such operations, that scarce currencies, like our own, might be drawn on too heavily; that there might be pressure on us to put in more funds, and so on.

Really, this matter of stabilization loans is an orphan with no home to go to, except either to the Fund where it should not go, or to the Bank where no provision is made for it, so the suggestion we make is that the Bank be strengthened to permit the making of these stabilization loans, whose purpose it is to set the economies of the nations of the world in order, so that they do become normal members of the whole process of international trade, in which case, the stabilization fund will serve them normally by providing them with currency when they are scarce and returning the currencies to the Fund alternately when those currencies become in excess again.

Now, there are two ways in which this neglected type of loan can be put within the operations of the Bank. The preferable way is to strengthen the Bank by a clause in its constitution, if you want to call it the constitution, which will specifically authorize such loans. That is the right way to do it. The change does not seem to be a great one. The change is one which strengthens rather than weakens the institution, and it has seemed to us that it is one to which the signatory powers would willingly agree. There seemed to be no disadvantages in it, whatever, and it seems to be, on the contrary, full of advantages. So we urge that that be the solution undertaken for taking care of these stabilization loans.

There is another possibility which we feel is distinctly less desirable, and that is that a small and rather obscure clause in the set-up of the Bank, be administratively interpreted to take care of such loans. That clause states that "loans made or guaranteed by the bank shall, except in special circumstances, be for the purpose of specific projects of reconstruction and development."

Now, in administration by interpreting those words "except in special circumstances" to cover a stabilization loan, it would be possible to bring these loans within the operations of the Bank. We feel, however, that that is distinctly the less desirable of the two solutions and that the first solution should be sought.

Mr. Leahey: Excuse me, sir, I was not quite sure whether the first solution would require inserting a new solution in the Bank agreement or obtaining agreement of the signatory countries that the phrase you refer to means what you want it to mean.

Mr. Flanders: That would be a way of doing it. Agree to have them do it administratively. "Special circumstances" includes the stabilization loans.

How Would the Proposal Affect the "Quotas"?

Mr. Bratter: Mr. Flanders, would this change involve changing the size of the Fund and the Bank? If you take away from the Fund these many intermediate-term applications for assistance which will come to it and give them to the Bank, you thereby reduce the amount of money which the Bank has left for real long-term loans, and you leave the Fund with a larger amount for a more limited function.

Mr. Flanders: That is a good suggestion, but my own thought would be that that change could be made later satisfactorily at any time, as one Fund would seem to be too large and the other not large enough.

Mr. Bratter: What I have in mind there is that this Bretton Woods Agreement is the result of three years of work by experts who have been working on very detailed quotas, taking into consideration all sorts of economic criteria; and there was a great deal of discussion at Bretton Woods as to the size of one or another country's quota. It was by the process of give and take, we have been told, that these quotas were finally established. It seems to me this interjects an entirely new element into those quotass, which in any case are already under criticism in some of the countries, with reservations to Bretton Woods.

Mr. Flanders: Yes, there are criticisms of the quotas being set up by any possibility which will not be subject to criticism, and in a way there is this major question of the over-all quota assigned to the Bank and the over-all quota assigned to the Fund. A year or two of operation might easily reveal that one was too large and the other too small, and you would have to arrange to shift from one to the other.

Mr. Bratter: Let me ask my question in a different way. Dr. White has testified on a number of occasions and stated in his press conferences that this Bank, as proposed at Bretton Woods, is an extremely conservative Bank, and he is opposed to any suggestion of making it smaller.

For example, the American Bankers Association report, which recommends that the Bank carry on both the stabilization and long-term lending operations, was rejected by Dr. White on the ground it would reduce the effectiveness of the Bank.

Now here is a proposal which would take away some of its long-term lending power and assign it to an intermediate class of loans which, if I understood correctly in the hearings, were to be at least in part taken care of by expansion of the Export-Import Bank.

Mr. Flanders: I would not be prepared to guess, nor I think would anyone be prepared to guess at the volume of this third type of loan, which I have described, which has no legitimate home at the present moment. It might be small enough so that they would not seriously reduce the lending power of the Bank. In any event, they would not reduce it anywhere nearly as much as would the proposal to take all the operations of the Fund away from the Fund and put them in the Bank.

Mr. Bratter: That would depend entirely on how long the intermediate or transition period went on. If it developed that not only Russia, as has been stated by one of the delegates to Bretton Woods [Mr. Edward E. Brown], but perhaps other countries would use the present funds for capital loans instead of short-term loans, you might find that there was quite a demand for this type of intermediate stabilization loan.

Mr. Flanders: Well, that intermediate type of stabilization loan should be stabilization loans and capital loans should be capital loans and should be made more or less freely where the conditions are good.

Mr. Edward E. Brown's Disclosure

Mr. Crider (N. Y. "Times"): May I suggest there seems to be apprehension. Mr. Bratter suggests that the Fund is authorized to make intermediate loans.

Mr. Bratter: No, I did not say it is so authorized, but Mr. Edward E. Brown, in the Journal of Business of last October, wrote that Russia will use the Fund for capital purposes.

Mr. Crider: But the official concept of the Fund, as I understand it, is that it would make no term loans at all.

Mr. Bratter: No term loans, but what Mr. Brown said was that, although the Fund has been established to make short-term loans for currency stabilization, Russia actually will use it for capital-goods purchases and that he thinks that is a cheap price to pay to reward Russia for her part in the war; but it is, as you suggest, directlyy in conflict with the stated purpose of the Fund.

What Is CED Committee's Position?

Mr. Finney: As I read your recommendations here, you are against the International Bank in its present form?

Mr. Flanders: No.

Mr. Finney: And you are against the immediate adoption of the Fund?

Mr. Flanders: No, we are not against the International Bank in its present form, and not against the immediate adoption of the Fund. We are looking for a home for this necessary activity which has no home.

Mr. Finney: Well, Mr. Flanders, the legislation is pending before the Congress.

Mr. Flanders: Yes.

Mr. Finney: And there are two possibilities. Three. One is to defeat the legislation, one is to amend it, which will call for a new conference.

Mr. Flanders: Not necessarily.

Mr. Finney: Well, the Treasury says that if there are any changes, we will have to have a new conference, some sort of parley would have to go on, and the third is to accept it.

Now, I was curious as to just how these recommendations fit with that. Just in simple terms, is the CED for Bretton Woods or against it?

Mr. Flanders: Have you left off beating your mother? We have a constructive suggestion to make.

Mr. Finney: Well, you recommend the approval of the International Bank for Reconstruction and Development, with, at an appropriate time, which would not delay its approval, that its powers be broadened. Now, where is the period? Do you recommend the approval of the International Bank for Reconstruction and Development, and then, I find no place in that statement of recommendations, where any recommendation is made by CED about the Fund, except in the last paragraph, where "We recommend certain functions of the Fund be carried on by the Bank and the establishment of the Fund be postponed."

Mr. Flanders: Unless the Bank is strengthened. Read those first words. We ask for strengthening of the Bank.

Mr. Finney: Well, if the Bank is strengthened—

Mr. Flanders: Then we recommend the Fund.

Mr. Elhait: In the first paragraph you say, could you further expand the basis of your opinion there?

Mr. Flanders: Because it is making the Bank more useful. It seems to me if we were proposing to weaken the Bank, if we were proposing to weaken this whole structure, then there would be great difficulty in carrying on any negotiations, but the gentlemen over here who made the suggestion that one way to get at it would be to get from all the signatory powers a definite interpretation of that phrase about unusual and special circumstances, in making that suggestion, expresses the comparative simplicity of the proposal itself. It needs no more than that, that it shall be understood that this type of loan should be considered as a regular part of the Bank's business.

Now, it can be done by describing the loan and writing in a new article, it can be done by agreeing on interpretation of that sort.

It makes no difference how it is done, so long as that kind of a loan finds a home in the Bank, and it ought to have a home there. That will strengthen the Bank. It strengthens the whole structure. . . .

CED Suggests Executive Session With Treasury

Mr. Elhait: Well, now, there is a clause here in your recommendation that says, "unless the Bank is strengthened, or unless there are weighty political or diplomatic considerations." Would you include in that a judgment by the Treasury and by Republicans in Congress as well, that an attempt to change this in a substantial manner would call for another international conference?

Mr. Flanders: If I were a member of the House or Senate Committee, I would insist on an executive session with the Treasury to convince me that this was impossible. That is, I would not want to take the newspapers, or anything short of an executive session story of the thing to convince me it was impossible to bring about this change by some means.

Mr. Bratter: Mr. Flanders, I would like to ask a question about a statement in your report. It says: "The existence of this right," that is in the Fund, the right of a member country to obtain a quota of foreign exchange, "is valued by every country because it dignifies its relation to the Fund." And later: "And because it avoids the necessity of a country going into debt to anybody so long as its purchase of the needed currency is within the framework of a bona fide currency transaction."

Now, if the Bank is to make stabilization loans of the other type described in this report, what happens to that dignity, that so-called automatic right that some people say lies in the Fund, and in the Fund quotas?

Mr. Flanders: Well, that right is preserved and is applicable over the area in which that rightfully belongs.

Mr. Bratter: But the quota feature of that is lost when it is transferred to the Bank.

Mr. Flanders: It is for the type of loan which does not belong in the Fund, but in the normal operations of the Fund, that dignity as spoken of is preserved.

The country needing currencies comes to the Fund by right. . . .

Consulting the Treasury

Mr. Reed: Mr. Flanders, we assume you have not made this presentation without talking with some of the Treasury and State Department officials and going all over your attitude on this suggestion with them before coming out; possibly wondering what the effect would be on those who are wondering whether either to support or oppose the Bretton Woods Agreements as they now stand; can you give us something of their reaction to it?

Mr. Flanders: We have not discussed these questions with the Treasury since we wrote the report. We sent it to them when we sent it to you gentlemen, but there has been no discussion with them.

Our discussions with them were before writing the report.

Mr. Reed: You have no indication of their attitude on this?

Mr. Flanders: No. . . .

A Basic Question Is Raised

Mr. Bratter: Mr. Flanders, may I ask a question about the third and fifth recommendations?

The third recommendation contains the thought that the loans should be geared into the amount and kind of imports needed by the borrowing countries. It states nothing about the needs of the lending country.

And down in the fifth point, it says:

"Creditor countries should behave like creditors."

Now, it seems to me that this and other lending programs which are being discussed depend for their success as lending programs, and not as gifts—I notice you make the distinction in your report between loans and gifts—and speaking of this only as a loan now, do you believe that the United States will act like a creditor country and behave like a creditor country, to use the language of this report, or is this just a hope?

Mr. Flanders: I think the chances of its behaving like a creditor country are better than they have ever been. That is, I am prepared to say, at 4:43 this afternoon, I think it is the best chance we have ever had, but I am not prepared to say they are certain.

Mr. Bratter: Isn't that fundamental to the success of a lending program as distinct from a gift?

Mr. Flanders: Yes, but on the whole, this helps us, as I see it, to behave like a creditor country. It is one of the steps; if we don't take this step, I am not sure that we will behave like a creditor country. It is one of the steps.

Opposes Fund As Drafted at Bretton Woods

Mr. Finney: Mr. Flanders, at the expense of being perhaps dull, I want to come back at this question of just how we can define the position taken: When a bill is pending before Congress, it is my tendency—I don't speak for anybody else—to want to know whether an organization is for or against.

Mr. Flanders: Yes.

Mr. Finney: Now, it is certainly true that anybody, while a bill is in the Committee, has a right to modify it, as they will, as they can succeed in modifying it. But supposing that you were not successful in getting this modification, then what is the position of CED?

Mr. Flanders: Well, if you will read that last heavy type, you will see a large measure of dubiousness as to the value of the Fund if it should be established immediately. We would suggest that it be postponed; but, again, I would say that we do not want to give up all the ditches and retire to the last ditch. That is the last ditch. . . .

Mr. Hyde: Ralph, I wonder if I might answer Blair's point? . . . We are for the Bank. We are for the Fund. We feel that the Fund may be in serious danger unless the Bank is strengthened. We feel that there is no possible objection to the strengthening of the Bank. Who will object to it? . . .

The Treasury Not Opposed

Mr. Hyde: Ralph, wouldn't you say we would be surprised to find the Treasury would take violent exception to this?

Mr. Flanders: I think so.

Mr. Bratter: Mr. Flanders, as I understand it, the proposal sees, in the Bretton Woods agreements, as they now stand, an objection in that the Fund would in all likelihood be called upon to make loans which would tend to become frozen and that, therefore, by transferring these intermediate term loans to the Bank that difficulty would be avoided?

It has been made crystal clear that the $8,800,000,000 Fund and the $9,100,000,000 Bank are the minimum which the Treasury conceives would be adequate to meet the two kinds of needs.

Now, if you transferred to the Bank, the function of making loans that might become frozen, you still are not taking care of the $9,100,000,000 for reconstruction and development.

Mr. Flanders: By the way, I would want to stop a minute. The loans don't necessarily become frozen. If they are proper loans they don't become frozen, but the Fund might become frozen on account of the size of the loans, and the size of the loans and the location in which they are made. So the Fund might become frozen. But the loans would not necessarily so. We would expect they would not be.

Mr. Bratter: What I am wondering is whether Dr. White might not think this is weakening, rather than strengthening the Bank to assign to it these additional functions with its already, in his eyes, very limited capital. . . .

Suggested Congressional Treatment

Mr. Leahy: Could this be done: could Congress enact the bill before the House Banking Committee now and add a proviso instructing the American Executive Director to place this matter before the Bank and the Fund directors?

Mr. Flanders: I could not know how to tell Congress what to do, but if they see the picture as we see it, I think it is a matter for discussion between the Committees and the Treasury as to the best way of going about it; that is, I wouldn't want to cramp the style of Congress. I know I couldn't anyway. I wouldn't want to cramp the style of the Treasury. I think that is equally difficult. I think it would be a matter for discussion between the Treasury and the House and Senate Committees as to just how the thing should be done.

Mr. Leahy: Well, there seems to be a general opinion among the people who have been on the fringe of this thing that if Congress tagged an important amendment on the act before it, then the other nations would invoke the right to put their amendments to it. . . .

Mr. Crider: I think it is important to go back to the point Mr. Finney first raised. I think the impression I get out of the conference so far is that two leads could be written on this story:

The first one saying that the CED—Congress postpone Bretton Woods until or unless certain important changes were made in the Bank structure.

Mr. Flanders saw the serious danger that the Fund might fail.

Mr. Flanders: I hope you would not write that one.

Mr. Crider: Well, that is my reason for saying it might very well be put on. That is not wrong, that is right.

Mr. Flanders: In a way it is not wrong, but that is not the kind of a lead which will save the Bank and the Fund and leave them as useful and necessary operating mechanisms for the post war world, and I beseech you to write your leads in the most constructive way possible. . . .

The Bretton Woods Proposals

A Statement on National Policy by the Research Committee of the Committee for Economic Development

Introduction

It is the policy of the Research Committee of C. E. D. to direct its efforts toward the solving of the larger problems of the transition in the post-war period rather than to offer conclusions on matters of merely current interest. Since, however, the Bretton Woods Agreement relates to long time policy, but at the same time comes up for early action, it has seemed wise to publish this advance section of our forthcoming Policy Statement on Foreign Trade.

The Bretton Woods Proposals cover a field difficult for many citizens to understand. We therefore give herewith some elucidation to the main point of the position taken in this report.

It is a synthesis of the present opposing views about the Bretton Woods Proposals, not a compromise between them.

This synthesis is effected by the suggestion that the proposed Bank for Reconstruction and Development be given *the express power* to extend loans to member countries to help maintain, when necessary, the established parity of the borrower's currency; and also loans designed to help in the general restoration of a member's economic status after the war.

The Bank's managers could assume this power, if they decided to exercise it, under the very broad terms of one phrase in a crucial Article: "Loans made or guaranteed by the Bank shall, *except in special circumstances,* be for the purpose of specific projects of reconstruction and development" (italics ours).

The need, in many instances, of the type of loans referred to can and may be construed as "special circumstances." But the absence here of *an express power* in the Bank to make such loans is a source of misgivings that have arisen about the wisdom of attempting to operate an International Monetary Fund, of the character created by the agreements, in the immediate post-war period.

The prime purpose of the International Monetary Fund is to enable each member country, by right of membership but within set limits, to cover *temporary shortages* of a needed currency, arising from an adverse balance of trade between it and some other member.

Perhaps the weightiest criticisms of the International Monetary Fund have centered in the expectation that the principal demands upon this pool of currencies will arise, not from such short-lived imbalances of trade, but from the very serious distortions in production and international trade relations caused by the war.

The Monetary Fund, it is held, will inevitably be put to the necessity of having to "finance unstable conditions" in many countries for an indeterminate period; its stronger currencies will quickly be drained away and replaced by weak currencies which few firms engaged in international commerce will need or want; that is, the managers of the Fund, in spite of some safeguards, will in fact be powerless to prevent the use of this pool of money for what would be in effect stabilization, reconstruction and "general purpose" loans to war-stricken countries.

Consequently, it is held, the prime intended function of the Fund, to deal with currency transactions and to correct temporary currency imbalances, would be perverted; not through expected mismanagement, but because of the underlying economic necessities of the post-war period in many war-torn nations. This result, it is anticipated, may lead to early breakdown and future serious international monetary, economic, and political difficulties.

It is certain that many member countries after the war will need stabilization, reconstruction and general purpose loans. If such loans, as this Committee proposes, are thrown expressly *within the province of the Bank's management* where normal credit-extending considerations could be expected to govern every transaction, the International Monetary Fund could then be constantly maintained to serve its special purpose, to deal with temporary imbalances of international trade. The Fund's managers could refer to the Bank demands that would tend to transform it, from its prime and true function, into a long-term loaning agency.

It seems to this Committee that such an extension of the Bank's powers is one to which it should be easy to gain acceptance from the present forty-four signatories of the Bretton Woods Proposals. It is not a radical change; in actuality it would be a mere clarification of a present obscure phrase.

The agreements among member nations not to depreciate their currencies by unilateral action; to remove their present exchange controls progressively; to consult and cooperate closely and constantly with one another on all monetary matters; to open up, under proper safeguards, a ready flow of capital for developmental purposes over the world—these, and other features of the Bretton Woods Proposals, will constitute momentus progress in international collaboration, *if such agreements turn out to be workable and lasting.* Both a soupnd Fund and a sound Bank are needed to make them workable and lasting, with the functions of each instrumentality clearly delimited and recognized by all member nations.

With the simple but significant change proposed here, the soundness of both the Fund and the Bank will be better assured, and hope of successful achievement of their great purposes is not unreasonable, even in the very difficult readjustment of the world economy that must take place in the years after the war.

Ralph Flanders, Chairman
Research Committee

The Text of the Statement

THE COMMITTEE FOR ECONOMIC DEVELOPMENT as a group of business men is deeply interested in the proposals made at Bretton Woods for the establishment of an International Monetary Fund and of an International Bank for Reconstruction and Development.

The efficient movement of international trade and capital will be facilitated by orderly relations among the various currencies of the world, and by the outlawing of the use of currencies and exchange devices for purpose of international economic warfare. Also, an orderly and adequate means of providing needed capital for world reconstruction and development will hasten the restoration and growth of production and trade with beneficial consequences for world prosperity and security.

Accordingly, in the United States high levels of productivity and of the standard of living will be more easily reached and more certainly maintained *(a) if the relation between currencies is orderly,* and *(b) if the financing of reconstruction and development is promptly and soundly arranged.*

The Research Committee, therefore, believes that it is necessary to create international machinery in which the United States would participate in order to obtain orderly international currency relations; to reduce the dangers of economic warfare; to make loans, underwritings, and guarantees in connection with reconstruction, development, and currency stabilization; and to provide arrangements under which currency and other financial problems affecting world stability and prosperity can be freely and systematically discussed.

Five Basic Principles

IN ATTAINING those objectives certain principles should be observed. First, *we want the greatest order possible in international currency relationships without infringing the essential self-interest of any country.* We hope to gain the acceptance of long-term self-interest over short-run expediency in the management of currency relationships and to harmonize, so far as possible, the interests of all. We wish to eliminate caprice, unnecessary uncertainty, and hostile actions; we do not wish to interfere with the just right of peoples to deal as may seem to them proper with their own internal problems.

Second, *in so far as possible, loans should be truly loans; currency transactions should be currency transactions; and gifts should be gifts.* Lack of clarity as between intent and method at this point will produce in the future, as it has produced in the past, misunderstanding and bitterness between countries. If a gift cannot be made as a gift, it should not mask behind the facade of a loan.

Third, *in the making of loans, underwritings, and guarantees, for reconstruction and development, the amount and kind of the loan should be geared into the amount and kind of imports needed by the borrowing country for the approved reconstruction and development projects.* Uneconomic international debt should not be created for the purposes of relief or to bring about an internal expansion which might be better produced by and within the borrowing country itself.

Fourth, *we must accept for some time as a condition of orderly currency relationships within the framework of long-term self-interest of ourselves and others, the continuance of methods of exchange control that alter what otherwise would have been the free flow of trade and investment.* Although such methods are subject to abuse, they need not be harmful in themselves. The problem is that, when they are invoked, their use should be proper and not improper; and international consultation and cooperation will help attain this end.

Fifth, *creditor countries should behave like creditors,* they should adopt measures that will make it possible for a debtor willing to

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CED Reports on the Bretton Woods Plans

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pay his debts to do so. *Debtor countries should behave like debtors,* they should adopt measures that make it easier for them to observe the letter and spirit of their obligations.

The Bretton Woods Proposals

THE BRETTON WOODS PROPOSALS cover two sets of machinery, an international bank and an international currency fund. This machinery is intended to provide the means for making international loans and for short-term stabilization of currencies. We believe that both these objectives are desirable, whether are achieved through two organizations or through one.

The International Bank for Reconstruction and Development

WE BELIEVE *that the lending objective can be accomplished satisfactorily through the proposed International Bank for Reconstruction and Development, although we do recommend some extension of its powers. The purposes of the Bank as stated do not seem to be sufficiently broad to include loans expressly intended to serve the requirements of long-continuing stabilization.* We feel that the purposes should be so broadened.

The needed general stabilization loans which would assist in orderly monetary relations might be of two sorts. There will probably be a need for long-term loans of a type for which there is no provision at present under either the Bank or the Monetary Fund. The Bank's loans, as at present provided, are to be for specific projects of reconstruction or development; but there will probably be a number of countries that will need some more general form of loan assistance than these specific projects imply—loans designed to provide for imports of a variety of goods and services *in a general restoration of a country's powers of production and trade.* There may also be a need for short-term credits to assist in the maintenance of orderly relations in currency transactions themselves. These short-term credits may be particularly needed toward the end of the transition period, as nations proceed to relax their exchange controls and to find the equilibrium rates of exchange to which their international accounts could be balanced in a freer exchange market.

The managers of the Fund require and deserve the protection to the clarity of their operation that would come from clear authority to the Bank to make loans for stabilization purposes when they are justified.

Otherwise, there will be pressure on the managers of the Fund to permit transactions not consistent with the short-term stabilization operations of a currency fund.

The International Monetary Fund

THE PURPOSES of the Fund are more difficult to attain than those of the Bank. The Fund is intended primarily as an agency of long-continuing monetary management. It is intended to give all member countries access to a common fund of currencies *in order to meet the short-term fluctuations in their international position.* The basic assumption for the successful operation of such a Fund is that there should be a tendency for international transactions to equalize, apart from the short-term fluctuations.

The principal criticism of the Fund is that, in the abnormal conditions of the transition from war to peace, the expectation of an even-balanced position could not be realized. If serious unbalance developed, the Fund would become lop-sided, that is, frozen with unwanted currencies. The result would be much the same as though the surplus countries had made loans to the deficit countries. In this way the Bretton Woods Proposals in their present form might lead to a frozen Fund, cause international misunderstanding, and thereby be more harmful than helpful to the cause of international monetary cooperation.

This risk of failure to work during the transition has raised the question whether the establishment of the Fund is urgent. The *urgent* need will be for specific and general credits to be granted to individual countries, rather than the need of general access to a common stabilization fund, which will become more appropriate when exchange controls are in process of removal.

But the Fund also provides for other important functions. It provides for international consultation on currency and financial matters as well as for ordinary clearing of currency balances. These functions are both useful and important.

Agreement on acceptable exchange practices, which would tend to prevent capricious change in exchange rates and to eliminate the use of currency and exchange devices for purposes of economic warefare, constitute a great advance in international cooperation. But it is true that these purposes could be served, if necessary, by the Bank, at least for the time being, leaving for a later day decision on the establishment of a separate currency Fund.

However, a significant feature that might disappear, if the consultation and clearing functions now set up in the Fund should be assigned to the Bank, *is the right of member countries to exchange their own currency for that of other countries, within limits and without the approval of the management of the Fund.*

The existence of this right is valued by every country, because it dignifies its relation to the Fund and to others, because it facilitates currency transactions, and because it avoids the necessity of a country going in debt to anybody as long as its purchase of a needed currency is within the framework of a bona fide currency transaction.

This right of access gives the Fund its short-term stabilizing power, but it also leads those who have reservations about the Fund to feel that the right might be abused, with or without intent, and that the United States would be forced to take actions to unfreeze the Fund; that the United States would be blamed by others for failure to take what would be considered adequate action to protect the Fund; and that we ourselves would misjudge the distortion of the Fund, coming from the inescapable consequences of postwar readjustments, as evidence of bad faith on the part of others.

To be sure, these dangers can be minimized if the managers of the Fund have the courage and skill to invoke at the right time the protective provisions that are written into the Articles of the Fund. But there may be proper doubt as to whether the managers would be able, in fact, to exercise these powers, unless their position is strengthened.

The solution of this difficulty lies *in giving to the Bank the clear power to make loans for long-term and short-term stabilization purposes at times when such loans are needed and appropriate.*

The managers of the Fund can then refer to the Bank those transactions for which the Fund is not intended. They can also require a country to correct any seriously unbalanced currency position through recourse to the Bank when such recourse is appropriate, rather than by taking more drastic action. Thereby the Fund can be substantially protected. We believe that the danger of abuse of the Fund would largely disappear if the purposes of the Bank were broadened to include, expressly, loans intended to serve needs for long-continuing stabilization.

We attach great weight to these considerations, particularly since the essential functions of the Fund, wherever located, require support of the Bank by powers not presently existing. We urge, therefore, that the possibility of strengthening the Bank be re-examined by the Government.

Recommendations

WE RECOMMEND the approval of the International Bank for Reconstruction and Development and also recommend that at an appropriate time, which would not delay its approval, its powers be broadened to include the extension of general long-term or short-term loans for stabilization purposes.

After the Bank is strengened in this way, we feel that the management of the Fund should be able to use the Fund strictly for currency transactions. Accordingly, the dangers inherent in the Fund as it now stands would be substantially reduced and we would recommend that the Fund be approved.

We are well aware that the Bretton Woods Proposals do not exist in a political and diplomatic vacuum. We know that there are considerations outside the proposals proper, some of which are matters of public record, some of which may not be. These considerations must be weighed by the Administration and by Congress against the risks that are inherent in (a) approving both the Fund and the Bank as now proposed, (b) approving the Fund, and the Bank strengthened as we suggest or (c) approving the Bank alone and assigning to it the currency stabilization function.

Unless the Bank is strengthened, or unless there are weighty political or diplomatic considerations, we would recommend that certain functions of the Fund be carried on by the Bank and that the establishment of the Fund be postponed.

The Research Committee of the Committee for Economic Development comprises the following:

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Washington, D. C.

ERNEST KANZLER
Chairman of the Board, Universal Credit Corporation
Detroit, Michigan

RAYMOND RUBICAM
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BEARDSLEY RUML
Treasurer, R. H. Macy and Co., Inc.
New York, New York

HARRY SCHERMAN
President, Book-of-the-Month Club
New York, New York

R. GORDON WASSON
Vice President, J. P. Morgan & Co., Inc.
New York, New York

Senators Taft and Tobey Debate Bretton Woods

(Continued from page 1263)

wait until the whole loan policy is determined."

To this Senator Tobey remarked: "But, Bob, we are not giving any money away."

Senator Taft: "In this plan, as I see it (and I think the substance is perfectly clear), we are putting $6,000,000,000 in a fund. That money is going to be loaned out to the borrowers. Of course, it is going to be loaned out by the borrowers, and they are going to give themselves easy terms. It is our money, but we have no restraint on that money, and as far as we are concerned it is a contribution to the general welfare. If we imposed this thing that we are doing here voluntarily on Germany it would be considered reparations."

What Happened in the Twenties

Mr. Gregory: "I don't think we need to feel that we are losing this money that we are putting out, by any means. The money that will be loaned through the banks certainly will not be lent for the purpose of losing it."

Senator Taft: "Mr. Gregory, you remember in the twenties we loaned about $5,000,000,000, after making $10,000,000,000 of war loans, and I think hardly 10% of that has ever come back. If we loan abroad at the rate of $5,000,000,000 a year (and that is about the program we seem to be starting), we may as well kiss that money goodbye."

Mr. Gregory: "I think, Senator, that we had the last time proved that the method that you recommend, just waiting for our bankers to lend it, was not entirely successful."

Senator Taft: "Oh, our own bankers loaned it, then. Unfortunately, they lost it. I should think we had learned our lesson by now, only this time, instead of the private people losing their money, we are proposing that the Government lend this $5,000,000,000 a year, approximately, and that the Government lose the money. In other words, the American taxpayer is going to stand the burden of this whole transaction.

Only Part of Great Loan Program

"If we don't stop spending money just as soon as we can, this country will go bankrupt. There is no question about it: we will come out of this war with a debt of $300,000,000,000. Unless we adopt an entirely different philosophy about spending money, and adopt it at once, there is no possibility of avoiding national bankruptcy, and that means the complete destruction of our whole economic system. I think it means the complete destruction of the freedom for which this country was established."

Senator Tobey: "You are looking at the whole thing, Bob, through blue glasses. Take the bank setup. Loans made by the bank are guaranteed by the corporation itself, in foreign countries, by the country itself, and by all the nations. It is not a bilateral loan, but a multilateral loan, where all the nations come in together—a joint account. We may lose 35%, but the other nations guarantee 65% of it."

Senator Taft: "Let me just point this out: This is only part of the international lending program of the Administration. Under lend-lease we are proposing to lend Britain about $6,000,000,000, mostly for post-war; Russia $6,000,000,000, all for post-war; we are proposing to lend France $2,500,000,000, of which $1,500,000,000 is for post-war; we are proposing to increase the stock of the Export-Import Bank from $1,500,000,000 to $5,000,000,000 to make loans to South America. This is only part of this vast program which is designed to give away, to loan away, American money. It is the spending theory, just exactly like the spending theory at home. It proceeds on the basis that we can spend ourselves into prosperity, and we can't spend ourselves into anything but bankruptcy."

Mr. Gregory: "May I suggest that we are debating the Bretton Woods agreements tonight, Senator, and not all of these other matters?"

Senator Taft: "I am in favor, frankly, of making some reasonable loans to foreign nations. I think a total program of lending of $5,000,000,000 or $6,000,000,000 in the two years after the war is a reasonable program, but I will say that as far as Bretton Woods is concerned, this Stabilization Fund is the most unrestrained lending that I know of. Look what it does. It puts $2,700,000,000 of our money into this fund. That is more than half the really good money in there. Most of it is currency and I. O. U.'s of a lot of nations that aren't worth the paper they are written on. That money is loaned out automatically. Every nation has a right to come and get its share, whether it needs it or not, and as to these foreign nations, Mr. Eccles testified today they could come and spend about $25,000,000,000 in this country. Many of them don't need these loans, but the Stabilization Fund, unlike the Bank, proceeds on the theory that that are entitled to this money."

Mr. Gregory: "I would like to say that you are opposing this thing with a very blue outlook again, Senator. I think Russia and Great Britain and France, and our principal allies, can be looked upon in just a little better light than people who have no-good money that they are trying to wish on us, for our great American money."

Senator Taft: "Now, wait a minute. Great Britain owes about $12,000,000,000 to all its own nationalities. Great Britain is broke. That is admitted. That is one of the difficulties, and this Fund won't correct it, incidentally."

Mr. Gregory: "We owe $300,000,000,000. Are we broke?"

Senator Taft: "We don't owe other nations. We have a domestic problem with $300,000,000,000 that is very serious indeed, but we don't owe other nations money, so our dollar is the best currency in the world. When we put in dollars, every cent we put in is worth the gold which it represents."

Roosevelt Himself Opposed FDIC

Mr. Wilcox: "What I want to know is why have we got to take this thing just as is. Is this anything brought down from Mount Sinai? Is this something we have to take as the Ten Commandments? Haven't the bankers given this some study? Aren't their opinions worth considering?"

Senator Tobey: "Yes, the bankers have given it study. But let me say something about the bankers, in all kindness, that the bankers are running true to form in opposing this. They opposed the Federal Reserve Bank; they opposed the Securities and Exchange Commission; they opposed the Federal Deposit Insurance Corporation; they are against any change. In another great crisis, Lincoln said: 'The dogmas of the quiet past are inadequate to the stormy present. As our case is new, we must think anew and act anew. Citizens, we cannot escape history and we are up against the guns now.' "

Mr. Wilcox: "Did you ever happen to think that it takes more courage to oppose things than to make suggestions? About the FDIC President Roosevelt himself is on record as opposing the FDIC insurance. The Republicans themselves thought about the idea, but the bankers came in, and because of their opposition they bettered the program that we would have had if they had not opposed it."

The Harmony of Bretton Woods

Senator Taft: "I don't know what the persuasion of the Treasury is, but they took Senator Tobey and Mr. Brown up to Bretton Woods, and they certainly sold them this job. They sold them a nice bill of goods, in my opinion."

Senator Tobey: "They certainly did, and I can tell you why. There, at Bretton Woods, I saw for three weeks and a half delegations from 44 nations, all the world: India, China, Russsia, England, and our country, working earnestly, long hours, with no recreation, imbued with the purpose to bring some order out of the chaos in the world at large. They consecrated themselves, and they did a great job. They were an inspiration to me, and I pay tribute to them."

Senator Taft: "Why any other nation in the world should oppose the Fund I don't know, because all it is is a present of $2,750,000,000 in American money in loans to these nations which they may or may not have to repay. So, of course, the 44 nations agreed. The thing that astonishes me is that we have an Administration that seems to be determined, if they can, to give away American interests, that seems to be determined to pass our American money and American property all over the world. They seem to think it is a favor. They seem to think we are conferring a favor on ourselves when we give these other people money or give them goods.

"What I think ought to be done is to have a Permanent Economic Council. That Council would work out what should be done for every nation. I think the idea of putting $8,000,000,000 in a fund and saying: 'Here, go and lend it around the world,' is a complete mistake. I think they can say to us: 'Czechoslovakia needs a loan,' and I think then we ought to determine whether we are going to loan our money to Czechoslovakia, and on what terms. I am opposed to the Bank because I don't see any advantage in lending our money through an international agency. I think that international agency is going to be inefficient, as UNRRA is inefficient. I never yet have seen an international administrative body that was any good. The consultative bodies work, but when you try to set up an administration, it has six or seven masters, and it doesn't get anywhere; nor will it impose the conditions that ought the be imposed. What brings about the lack of stabilization? It is failure of a country to balance its budget, and this Fund says you can't even tell a country to balance its budget. You can't refuse money under the Fund because it refuses to balance its budget."

Senator Tobey: "You were opposed to this matter before the child was born; you were opposed to it during the period of gestation. You said before Bretton Woods took place that the Congress would never pass it. I say tonight, and want to go on record, that the Congress will pass it, and it will be approved. You mark my word."

Senator Taft: "Just to correct the record, the experts recommended a plan to Bretton Woods. What I stated was that the plan they recommended to Bretton Woods I thought would not be approved by Congress. The plan was changed. I don't think it was changed for the better, myself, but I did not pass on the Bretton Woods plan before that plan was announced. I passed only on the plan proposed by the experts which had been published."

Predicts Early Exhaustion of Fund

Senator Tobey: "These loans of the Fund are for current purposes only. And more than that, they can only draw 25% of the quota of the Fund in any one year. It isn't all going out at one time."

Senator Taft: "That is all right. There are only $2,750,000,000 in there. And if nations with $5,500,000,000 borrow their quota, they will get it in one year and one month.

"As soon as the dollars are gone we will be faced with the demand for another $2,750,000,000, and it will be gone in less than two years; and then if we don't put it in we are accused of breaking up this whole organization upon which the peace of the world depends. I can't see the arguments in favor of the Fund."

No "Need Test" in Fund

Mr. Gregory: "Don't you think Russia is entitled to $300,000,000 from this country to help her rehabilitate, if she needs it?"

Senator Taft: "If she needs it. But there is no test of need in this Fund. If you loan the money yourself, you can make $2,750,000,000 go about three times as far as in this Fund, because a lot of countries will have absolutely no need for that money. Russia, I think, really has no need for it. They have got a good deal of gold; they can pay for what they need for quite a while. But they will take it."

Mr. Wilcox: "Right on that point, Chairman Eccles of the Federal Reserve Board testified before the House Banking Committee that foreign nations already have about $20,000,000,000 of credit here and they have that purchasing power to use at any time. All they need is an export license."

Senator Tobey: "It may be possible to do something along those lines, but the point remains, here is a line in geometry: Given the line in geometry, you try to prove something. This represents the work of these delegates from 44 nations, carefully thought out three years in preparation, from all parts of the world, and you would say: 'Divide and conquer; delay; postpone.' That is the cry of the bankers. They want to put the hooks into the whole thing. They want to kill it."

Senator Taft: "I would say it represents the work of Harry D. White, and I don't trust Mr. White's opinions. I don't think they are sound. I think the other 44 nations accepted it because they are getting this $2,750,000,000, and they all need it. Of course they accepted it. Why should any other nation have refused to go along with the United States? They are not only looking for this money, but they are also expecting to get other loans from the United States. Of course they do what the Treasury asks them to do, but we have the right to go into the question of whether this is a sound method, a sound method from an American standpoint or a sound method of promoting world trade, and I don't think there is the slightest evidence that it is."

Benjamin Franklin or Morgenthau

Senator Tobey: "May I read something pertinent? It applies today equally as it did in 1787 when Benjamin Franklin said it in the Constitutional Convention. Let me quote from that speech, substituting the word 'plan' for 'constitution': Benjamin Franklin said: 'I confess that there are several parts of this plan which I do not at present approve, but I am not sure I shall never approve them. I doubt, too, whether any other agreement we can obtain may be able to make a better plan, for when you assemble a number of men to have advantage of their joint wisdom, you inevitably assemble all their prejudices, their passions, their errors of opinion, their local interests and selfish views. From such an assembly can a perfect production be expected? It therefore astonishes me, Sir, to find this system approaching so near perfection as it does. Thus I consent to this plan not because I expect no better and because I am not sure it is not the best. On the whole, Sir, I cannot help expressing a wish that every member of this Congress who may still have objections to Bretton Woods would with me on this occasion doubt a little of his own infallability and, to make manifest our unanimity, put his name and vote behind this instrument.' "

Senator Taft: "'I would like to say that if Alexander Hamilton and Benjamin Franklin had written this instead of Mr. Morgenthau and Mr. Keynes, I would be in favor of it myself."

Senate Passes Measure Exempting Issues to $300,000 From SEC Registration

(Continued from page 1264)

"There are in our opinion other factors that adversely affect the financing of small businesses to a greater extent than do any difficulties of registration," Mr. Purcell stated. "Taxes (both corporate and individual), concentration of the financial machinery of the country, the reluctance, justified or not, of many investment bankers to handle small issues, the competition of big business and the increasing rate of absorption of small businesses by big businesses, all have their effect. In looking at the whole picture, any impediments created by complying with the Securities Act seem to us to be so slight as to be negligible in relation to the major problems of such businesses."

Subsequently, in a letter dated March 14, 1945 to Senator Robert F. Wagner, the Chairman of the Senate Committee on Banking and Currency, Mr. Purcell again pointed out the amendment would not exclude small issues from the authority of the Commission, and stated that the Commission, after weighing carefully the advantages to be gained by the adoption of the amendment, "came to the conclusion that balancing all interests concerned the proposal merits a trial" and "we therefore favor its adoption."

The text of Mr. Purcell's letter to Senator Wagner follows:

Philadelphia (3), March 14, 1945
Honorable Robert F. Wagner
The Senate Committee on Banking and Currency, Senate Office Building, Washington, D. C.

My dear Senator Wagner:

This will acknowledge receipt of your letter of January 17, 1945, in which you ask for the opinion of the Commission on the merits of S.62, a bill introduced by Senator Vandenberg "to amend Section 3(b) of the Securities Act of 1933 . . . so as to permit exemption of security issues not exceeding $300,000 from the provisions of such Act."

Section 3(b) reads as follows:

> "The Commission may from time to time by its rules and regulations, and subject to such terms and conditions as may be prescribed therein, add any class of securities to the securities exempted as provided in this section, if it finds that the enforcement of this title with respect to such securities is not necessary in the public interest and for the protection of investors by reason of the small amount involved or the limited character of the public offering; but no issue of securities shall be exempted under this subsection where the aggregate amount at which such issue is offered to the public exceeds $100,000."

The proposed amendment would change the $100,000 limitation to $300,000 and so permit the Commission to adopt rules and regulations exempting issues offered for an amount not in excess of the latter figure.

It should be understood that the exemption permitted by the section is not complete exemption from all provisions of the Act. It is limited by express provisions in Section 12 which imposes civil liability on persons who sell securities in interstate commerce or through the mails by means of untrue statements or misleading omissions and in Section 17 which makes it unlawful to sell securities by such means or by other types of fraud. Each of these sections by its own terms is applicable to transactions regardless of whether the securities involved have been exempted under Section 3(b). It thus results that the principal effect of the section is to authorize the Commission to exempt issues of securities not exceeding the specified amount from registration and from the civil liabilities imposed by Section 11 of the Act upon issuers, directors, officers, experts preparing reports for the registration statement, underwriters and persons in control of any of such persons. Thus a security exempted pursuant to Section 3(b) may be sold on the basis of less complete disclosure than that required by the Act in the case of a registered security. Moreover, civil liabilities will be incurred only by the seller and the person controlling the seller while in the case of the sale of a registered security the full and fair disclosure prescribed in the Act is required to be made and the civil liabilities imposed by Section 11 run against all the persons specified in that Section. This latter sanction against practically all persons concerned in the distribution of a security is one of the most important implements in carrying out the policy of the Act since it results in a concerted effort on the part of all concerned to provide full and fair disclosure of the character of the securities offered.

It is urged that the amendment will be helpful to small businesses that seek financing through public offerings of securities. The facts available to us indicate that the cost of registration (which is the only cost affected by the proposed amendment) is not a material factor in this problem. In this connection, the results of a recent survey made by the staff of the Commission may be of interest. The survey covered the cost of flotation of securities registered in the years 1939-43, inclusive, as reflected in the several registration statements. It disclosed that during that period companies having assets of $1,000,000 or less registered one hundred and three separate issues of equity securities for distribution to the public through underwriters on a straight cash commission or discount basis. The overall cost of flotation amounted to 21.6% of the aggregate offering price. Of this, 19.7% went for underwriters' commissions. Only 1.9% was attributable to all other expenses including those attributable to registration under the Securities Act. Many of the expenses entering into this 1.9% are not due to the registration provisions of the statute; many of them would have to be incurred in offering an unregistered issue. It seems to us unlikely that the broadening of the exemption permitted by Section 3(b) will diminish the cost of financing small business to a substantially significant degree but we are sympathetic with the problems of small business in general and believe that it may be desirable, through enactment of the proposed amendment, to explore such possibilities as it may present of diminishing their difficulties without a disproportionate increase in hazards to investors in securities.

The savings effected by the proposed amendment would, in all likelihood, be more significant in the case of large corporations which may, from time to time, have occasion to make small public offerings. If such a company has many subsidiaries, a complex capital structure and widespread operations, the cost of registration is likely to be so great in proportion to the small size of the issue as to make a public offering inadvisable. This class of cases is comparatively small since big corporations seldom have occasion to make small public offerings but some such cases have come to our attention and adoption of the proposed amendment would make possible public offerings that would otherwise be impracticable. These corporations file annual reports under the '34 Act certified by public auditors. It seems improbable that in the interim between these reports such a corporation would attempt to sell an issue of less than $300,000 by a statement which would be inconsistent with its annual reports filed under the Act.

We have weighed carefully the advantages to be gained by adoption of the amendment against its disadvantages and have come to the conclusion that balancing all the interests concerned the proposal merits a trial. We therefore favor its adoption.

In reaching this conclusion, we have been influenced by the fact that the exemption provided by the section remains permissive and that the amendment preserves the Commission's authority in granting exemption to impose terms and conditions found necessary to protect the public interest. If the bill passes, the Commission will feel bound to implement it by the adoption of rules extending the exemption to as many issues not now exempted up to the limit provided in the bill as can be found to meet the standards of this section. To avoid the possibility of future misunderstanding, however, I feel I should state that we can not be certain at this time that it will be possible to find consistently with the terms of the section that it will be appropriate to extend the exemption to all types of issues. We shall watch carefully the effect of the rules we do adopt and shall feel obligated under the policy evident throughout the statute, including this section, to amend or repeal any of such rules which our experience may show to be inimical to the public interest. We shall, of course, report to the Congress as to our actions and experience under the amendment in our annual reports, or more frequently if deemed advisable.

Respectfully submitted,
GANSON PURCELL,
Chairman

ANDREW JACKSON:LF

Geo. R. Swift Dies

George R. Swift, a former partner in E. J. Duffy & Co., members of the New York Stock Exchange, died at his home at the age of 52. For the past four years Mr. Swift had been engaged in war work in Connecticut. Mr. Swift had been associated with the firm of Kean, Taylor & Co. for 19 years before joining E. J. Duffy & Co. nine years ago.

Calendar Of New Security Flotations

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

SATURDAY, MARCH 24

WEST VIRGINIA WATER SERVICE CO. on March 5 filed a registration statement for 14,000 shares of $4.50 cumulative preferred stock and 100,000 shares of common. The preferred stock only represents a new issue.

Details—See issue of March 15.

Offering—Company will sell preferred stock to the underwriters who will offer same to holders of present $6 cumulative preferred at $104 per share. Any stock not subscribed by the stockholders will be offered to the public at $104 a share.

Offering price of common stock to the public will be $13.50 per share.

Underwriting—Allen & Co. and Shea & Co.

SUNDAY, MARCH 25

MENGEL COMPANY on March 6 filed a registration statement for 14.960 shares of convertible first preferred stock, 5% cumulative ($50 par) and 44,880 shares of common ($1 par). Common shares registered are reserved for issuance upon exercise of conversion privilege of the convertible first preferred.

Details—See issue of March 15.

Offering—The offering price to the public will be filed by amendment.

Underwriters — F. S. Moseley & Co. is named underwriter.

HALLICRAFTERS CO. on March 6 filed a registration statement for 225,000 shares of common stock, par $1. Of the total 75,000 are being sold by the company and 150,000 by certain stockholders.

Details—See issue of March 15.

Offering—Offering price to public is $8 per share.

Underwriters — Doyle, O'Connor & Co., Inc.; C. L. Schmidt & Co., Inc.; A. G. Edwards & Sons; Courts & Co.; Kalman & Co., Inc.; Dempsey & Co.; Sills, Minton & Co., Inc.; Cruttenden & Co., and Mason Brothers.

MONDAY, MARCH 26

CENTRAL VERMONT PUBLIC SERVICE CORP. on March 7 filed a registration statement for $6,967,000 first mortgage bonds, series D, due Feb. 1, 1975, and 40,000 shares of common stock. Interest rate will be filed by amendment.

Details—See issue of March 15.

Offering—Offering price to the public will be filed by amendment.

Underwriting—Bonds will be offered for sale at competitive bidding and the names of underwriters filed by amendment. Common stock will be sold to underwriters the names of whom will be filed by amendment.

DALLAS POWER & LIGHT Co. on March 7 filed a registration statement for 78,731 shares of preferred stock ($100 par). Dividend rate will be filed by amendment.

Details—See issue of March 15.

Offering—Company proposes to offer one share of new preferred stock for each of the 78,731 outstanding preferred shares, of which 35,000 shares are 7% ($100 par) and 43,731 shares $6 preferred stock, with adjustment of dividends. Any shares not exchanged will be called for redemption. Funds for the redemption will be obtained by offering pro rata to holders of common stock additional shares of common at $60 per share in a sufficient amount to provide funds for the redemption of the unexchanged preferred. Electric Power & Light Corp., parent of Dallas, presently owns 238,875 out of a total of 262,500 shares of outstanding common stock and proposes to underwrite the sale of a sufficient number of common shares to provide funds for the redemption of the unexchanged preferred.

Underwriting—None named.

SIMPLICITY PATTERN CO., INC., on March 7 filed a registration statement for 60,542 shares of 5½% cumulative, convertible preferred stock (par $10). Shares are issued and outstanding and are being offered by certain stockholders.

Details—See issue of March 15.

Offering—Offering price to the public is $10 per share.

Underwriters—First Colony Corp. 50,542 shares and Straus & Blosser 10,000 shares.

TUESDAY, MARCH 27

WHEELING STEEL CORP. on March 8 filed a registration statement for $24,000,000 first mortgage sinking fund 3¼% bonds, Series C, due March 1, 1970.

Details—See issue of March 15.

Offering—Offering price will be filed by amendment.

Underwriters—Kuhn, Loeb & Co. heads a nation-wide underwriting group of 68 members.

NORTHWEST AIRLINES, INC., on March 8 filed a registration statement for 178,190 shares of common stock (no par).

Details—See issue of March 15.

Offering—Holders of common stock of record March 19, 1945, will be given pro rata rights to subscribe to the 178,190 additional shares in ratio of one share for each two shares then held at a price to be filed by amendment. Offer to subscribe is to expire April 2. Unsubscribed shares will be offered by the underwriters to the public.

Underwriters — Auchincloss, Parker & Redpath; Alfred L. Baker & Co.; J. M. Dain & Co.; Paul H. Davis & Co.; Hornblower & Weeks; Kebbon, McCormick & Co.; Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane; Pacific Northwest Co.; Paine, Webber, Jackson & Curtis; Piper, Jaffray & Hopwood and Shields & Co.

RATH PACKING CO. on March 9 filed a registration statement for 200,000 shares of common stock, par $10.

Details—See issue of March 15.

Offering—Company offers to common stockholders the right to subscribe to the 200,000 shares of common at rate of one share of such common for each 3½ shares held. The subscription price will be filed by amendment. Shares not subscribed by stockholders will be offered to public by underwriters at a price to be filed by amendment.

Underwriters — Kidder, Peabody & Co. head the underwriting group.

WEDNESDAY, MARCH 28

NORTHWESTERN LEATHER CO. on March 9 filed a registration statement for 17,000 $2.50 convertible preferred shares and 100,000 common shares, the latter including 61,338 common shares to be issued to existing shareholders in exchange for certain outstanding shares pursuant to plan of recapitalization.

Details—See issue of March 15.

Underwriters — First Boston Corp. is named principal underwriter.

THURSDAY, MARCH 29

OHIO EDISON CO. on March 10 filed a registration statement for $26,089,000 first mortgage bonds due April 1, 1975. Interest rate will be filed by amendment.

Details—See issue of March 15.

Offering—The offering price will be filed by amendment.

Underwriters—Bonds will be offered for sale under the Commission's competitive bidding rule.

INVESTORS STOCK FUND, INC., on March 10 filed a registration statement for 2,000,000 shares of capital stock, no par value.

Details—See issue of March 15.

Offering—At market.

Underwriting — Investors Syndicate is named principal underwriter.

INVESTORS SELECTIVE FUND, INC., on March 10 filed a registration statement for 2,000,000 shares capital stock, no par value.

Details—See issue of March 15.

Offering—At market.

Underwriting—Investors Syndicate.

NEWCOR MINING & REFINING, LTD., on March 10 filed a registration statement for 500,000 shares of common stock without par value.

Details—See issue of March 15.

Offering—Price to the public is $1 per share.

Underwriters — Tellier & Co. is named principal underwriter.

FLINTKOTE CO. on March 10 filed a registration statement for 75,000 shares of $4 cumulative preferred stock (no par).

Details—See issue of March 15.

Offering—Price to the public will be filed by amendment.

Underwriters — Lehman Brothers heads an underwriting group of 28 members.

SATURDAY, MARCH 31

CONTINENTAL GIN CO. on March 12 filed a registration statement for 37,303 shares 4½% cumulative preferred stock (par $100).

Details—See issue of March 15.

Offering—Company is offering to holders of its 6% preferred stock the opportunity to exchange their shares for new shares, on a share for share basis. The offering will expire April 20, 1945. Company is offering to the holders of common stock the right to purchase at $105 per share any of the shares not required to be issued in connection with the exchange offer, the offering rights to expire May 25. Any unexchanged or unsubscribed shares will be sold by the underwriters to the public at $106 per share.

Underwriters—Clement A. Evans & Co., Inc.; Courts & Co.; Robinson-Humphrey Co.; Wyatt, Neal & Waggoner and Johnson, Lane, Space & Co., Inc., all of Atlanta, and Sterne, Agee & Leach and Garber, Cook & Hulsey, Inc., of Birmingham.

SECURITIES ACCEPTANCE CORP. on March 12 filed a registration statement for 50,000 shares of 5% cumulative preferred stock, Series A, $25 par.

Details—See issue of March 15.

Offering—The offering price to the public is $25.75 per share.

Underwriters — Cruttenden & Co., Chicago, and First Trust Co. of Lincoln, Neb., 25,000 shares each.

SOUTHWESTERN INVESTMENT CO. on March 12 filed a registration statement for 12,500 shares preferred stock, convertible, no par, non-participating with cumulative dividend rights of $1 per share per annum, and 60,000 shares of common, no par. Of the latter 20,000 shares is to be reserved to meet conversion requirements of the preferred.

Details—See issue of March 15.

Offering—Holders of the $1.20 preferred stock have been given the option to exchange their stock on a share for share basis for the $1 preferred stock. Any of the $1 preferred not issued in exchange will be offered to the public at $20 per share. Corporation also is offering 11,822 authorized but unissued shares of common at $12.50 per share.

Underwriting—None named.

UNIVIS LENS CO. has filed a registration statement for 42,702 common shares, par value 50 cents. Of the total 12,000 shares are being sold by the company and 30,702 shares are issued and being sold by stockholders.

Address—401 Leo Street, Dayton, Ohio.

Business—Manufacture of lens, etc.

Offering—The price to the public is $6.50 per share.

Proceeds—The net proceeds to the company will be used for additional working capital and will be first invested in Government securities to be held available to finance reconversions costs and post-war developments. Of the other shares 14,438 are owned by J. R. Silverman and 16,264 are owned by Mary E. Silverman, his wife who will receive the proceeds from the sale.

Underwriters — Allen & Co. is named principal underwriter.

Registration Statement No. 2-5631. Form S-1. (3-12-45).

TUESDAY, APRIL 3

THE HUB, HENRY C. LYTTON & CO. filed a registration statement for 130,000 shares of common stock (par $1). Of the total 30,000 shares are being offered by certain stockholders.

Address—235 South State Street, Chicago, Ill.

Business — Operation of stores selling men's and women's clothing, etc.

Offering—The offering price to the public will be filed by amendment.

Proceeds—The net proceeds to the company from the sale of the 100,000 shares will be used primarily to finance the expansion of its operations, for the establishment or acquisition of additional stores and departments, the maintenance of larger inventories, etc. The selling stockholders are Henry C. Lytton, president, 10,000 shares and Willard W. Cole, executive vice president, 20,000 shares.

Underwriters—The principal underwriter is Allen & Co., with names of others to be filed by amendment.

Registration Statement No. 2-5632. Form S-1. (3-15-45).

GENERAL TIRE & RUBBER CO. has filed a registration statement for 75,000 shares 4¼% cumulative preferred stock, par $100 and 87,857 shares of common, par $5.

Address—1708 Englewood Avenue, Akron, Ohio.

Business—Manufacture and sale of tires and tubes, etc.

Offering—A total of 65,000 shares of preferred are being offered by the company in exchange, share for share, to holders of its outstanding 4½% cumulative preferred stock, and the remaining 10,000 shares and any unexchanged shares will be purchased by underwriters and offered to the public at a price to be filed by amendment. Of the 87,857 common shares registered, 22,000 shares are being offered by the company to certain of its officers and employes at $10 per share. The remaining 65,857 shares are being offered by the company for subscription, at the rate of one share for eight shares held, to holders of outstanding common stock at a price to be filed by amendment. Unsubscribed shares will be purchased by the underwriters and sold to the public at a price to be filed by amendment.

Proceeds—The proceeds, after the redemption of any unexchanged preferred stock, will be added to general working capital.

Underwriters—Among the underwriters are Kidder, Peabody & Co., Goldman, Sachs & Co., Lehman Brothers, The First Boston Corp., Ball, Burge & Kraus and the First Cleveland Corp. Lehman Brothers, First Boston Corp. and First Cleveland Corp. are named underwriters of preferred stock only.

Registration Statement No. 2-5633. Form S-1. (3-15-45).

WEDNESDAY, APRIL 4

CAROLINA POWER & LIGHT CO. has filed a registration statement for 156,158 shares of $5 preferred stock, without par value.

Address—336 Fayetteville Street, Raleigh, N. C.

Business—Public utility.

Offering—All of the 156,158 shares of $5 preferred stock are to be offered on a share for share basis in exchange for not more than 90% of the 93,553 shares of $7 preferred and 79,955 shares of $6 preferred now outstanding. All presently outstanding $7 and $6 preferred will be retired either by exchange or by redemption at $110 per share plus dividends to fate of redemption. The company proposes to make a cash adjustment which, together with the dividends receivable on the $5 preferred stock, will give each stockholder who exercises the exchange prividege a dividend at the rate of $7 per share per annum or $6 per share per annum, respectively, up to the redemption date of these stocks.

Purpose—To refinance company's outstanding preferred stock at a lower dividend rate.

Underwriters—None named.

Registration Statement No. 2-5634, Form S-1. (3-16-45).

HYTRON RADIO & ELECTRONICS CORP. has filed a registration statement for 225,000 shares common stock, par $1. Of total, 25,000 shares are issued and outstanding and being sold for certain stockholders.

Address—Salem, Mass.

Business — Manufacturer of radio and electronic equipment.

Offering—Price to the public $5 per share.

Proceeds—Issuers part for working capital.

Underwriters—Herrick, Waddell & Co., with names of others to be filed by amendment.

Registration Statement No. 2-5635. Form S-2. (3-16-45).

THURSDAY, APRIL 5

NEW YORK POWER & LIGHT CO. has filed a registration statement for $50,000,000 first mortgage bonds due March 1, 1975. The interest rate will be filed by amendment.

Address—126 State Street, Albany, N. Y.

Business—Public utility.

Offering—The offering price to the public will be filed by amendment.

Proceeds—Net proceeds from the sale of the bonds, together with $5,000,000 to be received from the sale to Niagara Hudson Power Corp., parent of New York Power, of additional shares of company's common stock with other funds of the company will be applied toward the redemption on or about May 18, 1945, of the outstanding $55,000,000 first mortgage bonds, 3¾% series due 1964. The bonds are redeemable at 107¼ and interest.

Underwriters—The issue will be offered for sale under the Commission's competitive bidding rule and the names of the underwriters will be filed by amendment.

Registration Statement No. 2-5636. Form S-1. (3-17-45).

SATURDAY, APRIL 7

OAK MANUFACTURING CO. has filed a registration statement for $1,000,000 ten year 5% sinking fund debentures due April 1, 1955, and 350,000 shares common stock, par $1. Of the total, 300,000 shares are issued and outstanding and being sold by certain stockholders.

Address—Crystal Lake, Ill.

Business—Manufacture of precision built component parts for use in radio, radar and radio-electronic apparatus.

Offering—The offering price of the debentures to the public is 100 and of the common stock $10 per share.

Proceeds—The proceeds to be received by the company from the sale of $1,000,000 debentures and 50,000 shares of common stock will be used for the redemption of $960,000 serial maturing 5 year 4% debentures with interest and for the redemption of $440,000 serial 10-year 4% debentures (subordinated) with interest. The 300,000 shares are being sold for the account of Edward F. Bessey 125,073, Grace I. Bessey 120,576, William Bessey, trustee, 40,763, Irving M. Cochrane, Jr., and William Edward Cochrane, 6,794 shares each who will receive the proceeds from the sale.

Underwriters—Paul H. Davis & Co., is named principal underwriter, with names of others to be filed by amendment.

Registration Statement No. 2-5638. Form S-1. (3-19-45).

KANSAS - NEBRASKA NATURAL GAS CO., INC., has filed a registration statement for $4,484,000 first mortgage sinking fund bonds, 3⅜% series due April 1, 1965.

Address—Phillipsburg, Kansas.

Business—Operating public utility company.

Offering—Price to the public will be filed by amendment.

Proceeds—The proceeds will be used to retire outstanding first mortgage sinking fund bonds 4%, series A, B and C which on Aprill, 1945, will total $4,484,000.

Underwriters—The underwriters are Central Republic Co., Inc.; Coffin & Burr, Inc.; A. C. Allyn & Co., Inc.; Kebbon, McCormick & Co.; Harold E. Wood & Co.; First Trust Co. of Lincoln, Neb.; Beecroft, Cole & Co., and Rauscher, Pierce & Co., Inc.

Registration Statement No. 2-5639. Form S-1. (3-19-45).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AIREON MANUFACTURING CORP. on Feb. 26 filed a registration statement for 150,000 shares of 60-cent cumulative convertible preferred stock, par $10.

Details—See issue of March 8.

Offering—Price to the public is $11.375 per share.

Underwriters — Reynolds & Co. is the principal underwriter, with names of others to be filed by amendment.

AMERICAN AUTOMOBILE INSURANCE CO. on Feb. 23 filed a registration statement for $75,000 shares of common stock (par $4). The shares are issued and outstanding and being sold for the account of two stockholders.

Details—See issue of March 1.

Offering—The offering price to the public will be filed by amendment.

Underwriters—G. H. Walker & Co., Kidder, Peabody & Co., and Huff, Geyer & Hecht.

AMERICAN ENGINEERING CO. on Feb. 27 filed a registration statement for $3,000,000 5% 15-year sinking fund debentures and 200,000 shares of common stock. Of the stock registered 132,000 shares are issued and outstanding and being sold by stockholders.

Details—See issue of March 8.

Offering—The debentures will be offered at 100 and the common stock at $8.50 per share

Underwriting—Van Alstyne, Noel & Co. heads the underwriting group, with the names of others to be supplied by amendment.

A. P. W. PRODUCTS CO., INC. on Jan. 27 filed a registration statement for $2,000,000 20-year 5% first mortgage sinking fund bonds and 40,000 shares of capital stock (par $5).

Details—See issue of Feb. 1, 1945.

Offering—Holders of outstanding $2,000,000 20-year 6% first mortgage sinking fund bonds due 1948 are given the privilege of tendering their bonds for redemption as of April 1, 1945 at 102½ and interest, or, in the alternative, to assent to an extension of the maturity date to April 1, 1965 and the reduction of interest to 5% per annum and to receive in consideration for such extension $25, the amount equivalent to the 2½% redemption premium, and in addition 20 shares of the company's ($5 par) common stock. The extension offer will expire at noon Feb. 26, 1945. Bonds not tendered for extension will be redeemed at 102½ and accrued interest to April 1, 1945. After the expiration of the extension offer, an amount equal to the unextended 6% bonds are to be offered to the public by the underwriters at the initial offering price of $1,000 "per unit" consisting of $1,000 20-year 5% first mortgage sinking fund bond and 20 shares of common stock.

Underwriters — Allen & Co., Bond & Goodwin, Inc., E. W. Clucas & Co., R. H. Johnson & Co., Schoellkopf, Hutton & Pomeroy, Inc., Buckley Brothers, George R. Cooley & Co., Inc., Brailsford & Co., and Ferris, Exnicios & Co., Inc.

ARKANSAS-MISSOURI POWER CORP. on Dec. 4 filed a registration statement for $2,000,000 first mortgage bonds, series A, 3⅛%, due Dec. 1, 1974.

Details—See issue of Dec. 7, 1944.

Offering—The bonds will be offered for sale at competitive bidding.

AUTOMOBILE DEALERS INSURORS, INC. on Feb. 19 filed a registration statement for 4,985 shares of preferred stock and 7,470 shares of Class A common stock.

Details—See issue of Feb. 22.

Offering—Preferred and Class A common stock will be offered only to factory authorized automobile dealers and automobile finance men in blocks of one share of preferred and two shares of Class A common for $101 per unit.

Underwriters—None named.

BENDIX HELICOPTER, INC. on Feb. 2 filed a registration statement for 1,400,000 shares of capital stock, par value 50 cents.

Details—See issue of Feb. 8, 1945.

Offering—Of shares registered 1,000,000 are to be offered presently proportionately to holders of outstanding stock on basis of four additional shares for each five shares held at $1.60 per share; 200,000 shares are reserved to be issued when, as and if certain outstanding options are exercised, and 200,000 additional shares are reserved to be issued when, as and if certain stock option warrants to be issued by the corporation to the underwriters are exercised. Such shares of stock as are not subscribed for by the stockholders will be offered to the public by the underwriters at $2 per share.

Underwriters—Kobbe, Gearhart & Co., Inc., and Bond & Goodwin, Inc., are named principal underwriters.

BLUEFIELD SUPPLY CO on Feb. 16 filed a registration statement for 4,990 shares of common stock, par $100.

Details—See issue of Feb. 22.

Offering—The offering price $100 per share. New common is being offered to present stockholders on a pro rata basis of their holdings as of March 15, 1945.

Underwriters—None named.

CENTRAL OHIO LIGHT & POWER CO. on Dec. 28 filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment.

Details—See issue of Jan. 4, 1945.

Offering—Company proposes to invite proposals for services to be rendered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer.

DIANA STORES CORP. on Feb. 5 filed a registration statement for 40,000 common stock purchase warrants and 40,000 shares of common stock par value $1 per share, issuable pursuant to these warrants.

Details—See issue of Feb. 15, 1945.

Offering—40,000 shares of common stock are issued and outstanding and are not offered for account of company. Company is offering 40,000 shares of common issuable upon the exercise of the stock purchase warrants and the payment of $7 per share.

Underwriters—Not named.

FLINTKOTE CO. on Feb. 22 filed a registration statement for 62,800 shares of common stock (no par).

Details—See issue of March 1.

Offering—The stock is to be offered in exchange for all the outstanding stock of Tile-Tex Co.

Underwriters—None named.

GENII CORP. on Dec. 23, 1944 filed a registration statement for 1,868 shares of common stock.

Details—See issue of Jan. 4, 1945.

Underwriters—Company plans to sell the securities registered direct to the public without the assistance of underwriters or dealers.

Offering Price—Offering price is $100 per share.

Registration statement withdrawn Mar. 7.

HAVERHILL ELECTRIC CO. on March 1 filed a registration statement for 26,000 shares of capital stock, par $25 per share.

Details—See issue of March 8.

Offering—The company is offering the 26,000 shares of new capital stock to present stockholders pro rata at $25 per share.

Underwriting—None named.

Registration Statement No. 2-5608. Form S-1. (3-1-45).

HERFF JONES CO. on Jan. 27 filed a registration statement for 60,000 shares of class A preference stock, par $1. The shares are issued and outstanding and do not represent new financing.

Details—See issue of Feb. 8, 1945.

Offering—The offering price is $10 per share.

Underwriters—City Securities Co., Indianapolis, is the principal underwriter.

OHIO WATER SERVICE CO. on Dec. 7 filed a registration statement for 80,880 shares of common stock, par $10. The shares are now outstanding and are being sold by Federal Water & Gas Corp.

Details—See issue of Dec. 14, 1944.

Underwriters—Otis & Co. are principal underwriters.

OLD STAR DISTILLING CORP. on Aug. 14, 1944 filed a registration statement for 5,000 shares of $100 preferred stock, non-cumulative and non-participating. Price to public will be $110 per share.

Details—See issue of Aug. 24, 1944.

Underwriters—No underwriter named.

PACIFIC GAS & ELECTRIC CO. on Feb. 26 filed a registration statement for $80,000,000 first and refunding mortgage bonds series M 3% due Dec. 1, 1979.

Details—See issue of March 8.

Offering—Price to be filed by amendment.

Underwriting—To be named by amendment.

The California RR. Commission has ordered the company to submit the issue to competitive bidding. The U. S. Supreme Court on Feb. 12 ruled company to be subsidiary of North American Co. and therefore subject to SEC regulation. Company contemplated negotiated sale of the issue to Blyth & Co., Inc.

Bids Invited—Proposals for the purchase of the bonds will be received at the company's office, 245 Market Street, San Francisco 6, Calif. up to 9 a.m. PWT, March 26.

ST. JOSEPH LIGHT & POWER CO. on Feb. 28 filed a registration statement for 13,056 shares of Class A 5% cumulative preferred stock, par $100.

Details—See issue of March 8.

Offering—The company is offering 13,056 shares of its Class A 5% preferred shares in conversion share for share of the outstanding 5% cumulative preferred shares held by others than Cities Service Power & Light Co.

Underwriting—The company has retained Estabrook & Co., G. H. Walker & Co. and Prescott, Wright, Snider Co. as exchange agents to secure and procure consents of preferred shareholders to the conversion.

The company also proposes to refund the $4,806,000 first mortgage bonds, 4½% series due 1947 and to reduce the aggregate principal amount of its indebtedness to $3,750,000 by redeeming the outstanding bonds and issuing $3,750,000 of new bonds. The bonds will be sold at competitive bidding.

SPRAGUE ELECTRIC CO. on Feb. 28 filed a registration statement for 446,525 shares of common stock, $2.50 par value. Of total company will sell 50,000 shares and certain stockholders 80,000 shares.

Details—See issue of March 8.

Offering—A total of 396,525 shares will be issued in exchange for 31,722 shares of common (no par) on basis of 12½ shares of new for one share of old, of which 80,000 shares received by certain stockholders will be resold to public. The company will sell 50,000 shares. The offering price to the public will be filed by amendment.

Underwriting—F. S. Moseley & Co., with names of others to be filed by amendment.

E. H. SCOTT RADIO LABORATORIES, INC. on Feb. 28 filed a registration statement for 225,000 shares of common stock (par $1). Of total company will sell 148,150 shares and certain stockholders will sell 76,850 shares.

Offering—Stock will be offered at $3.125 per share.

Underwriters—Brailsford & Co. named principal underwriter.

TEXAS ELECTRIC SERVICE CO. on March 2 filed a registration statement for $18,000,000 first mortgage bonds series due 1975 and 68,875 shares of preferred stock, par $100. The interest rate on bonds and dividend rate on preferred stock will be filed by amendment.

Details—See issue of March 8.

Offering—The company is offering to exchange the new preferred stock for outstanding $6 preferred stock on a share for share basis plus an amount in cash equal to the difference between $110 and the public offering price of the new preferred stock. The bonds and unexchanged shares will be sold at competitive bidding, with the price to the public to be filed by amendment.

Underwriting—The names will be filed by amendment.

FDR Renews Plea to Broaden TVA Scope

President Roosevelt on March 2 renewed his request to Congress for legislation to incorporate the Cumberland River and its tributaries within the scope of the Tennessee Valley Authority Act. His latest request was made in transmitting to the Senate and House a communication from David E. Lillienthal, Authority Chairman, submitting a report entitled "A Report on the Physiographic, Economic and Other Relationships Between the Tennessee and Cumberland Rivers and Between Their Drainage Areas." The President indicated that the report was prepared at his request.

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Stuart O. Stearns** has become associated with **Whiting, Weeks & Stubbs,** 36 Federal Street. Mr. Stearns in the past was with Arthur Perry & Co., Inc., and The Shawmut Corporation.

(Special to The Financial Chronicle)

MIAMI, FLA.—**Charles A. Heckman** has joined the staff of **Clark Davis Company,** Langford Bldg.

(Special to The Financial Chronicle)

PORTLAND, MAINE—**Pauline O. Labbe** and **Blanche L. Demeritt** have been added to the staff of **Frederick M. Swan & Co.,** 75 Federal Street, Boston, Mass.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Edward M. Perkins** has become associated with **Edward D. Jones & Co.,** 300 North Fourth Street. Mr. Perkins for the past 15 years has been with Bitting & Co.

(Special to The Financial Chronicle)

ST. PAUL, MINN.—**William A. Dailey** has joined the staff of **Harold E. Wood & Co.,** Endicott Building.

Action of Stocks Selling Below and Above 20

(Continued from page 1263)

stocks under 20 in comparison with those over 20, the accompanying table shows the action for the week, March 3 to March 10 inclusive, of 200 representative stocks: 40 selling between 5 and 10, 60 between 10 and 20, and 100 over 20."

"In the 5-10 price range," it is noted, "two advanced and the average decline was 8.5% in the 38 stocks that sold off. This was not much more than might have been expected in view of the recognized greater velocity of movement in low-priced stocks than in higher-priced stocks, and the issues that declined the most were the least popular."

In the 10-20 price range, five advanced and two were unchanged, and the average decline in the other 53 stocks was 6.1%. "This," says the review, "does not reflect any unusual liquidation attributable to the new margin rules.

"In the stocks selling above 20, eight went up and three were unchanged, with an average decline of 2.9% in the 89 stocks that registered losses. This compares with the 1.6% decline in the Dow-Jones Industrial Stock Average, which in the same period was down from 159.71 to 157.21 and in which the majority are high-priced stocks, only one selling under 30."

The study concludes that "contrary to rather widespread expectations, and considering that lower-priced stocks usually move more percentagewise than higher-priced ones, the removal of stocks in the 5-10 range from margin trading and the increased margin requirements on stocks from 10 to 20 apparently had a comparatively minor effect on stocks in these ranges compared with higher-priced issues. The new restrictions, however, were undoubtedly one of the factors behind the decline, or at least its timing, since they represented the intention of the authorities to act to curb speculation and wide price advances. Insofar as stocks under 20 were relatively more adversely affected, their attractiveness for the long pull should be increased, as obviously their inherent values—which if free markets are to continue at all, must ultimately be the determining element in prices eventually reached—were not decreased by the new rules, and any influence on the market valuation placed on intrinsic worth should prove temporary."

ACTION OF STOCKS BELOW AND ABOVE 20

40 Stocks Selling Between $5 and $10

Name of Company—	Price March 3	Price March 10	% Decline
Alaska Juneau	7⅝	7	8.2%
Amalgamated Leather	5⅞	5	14.9
Amer. Power & Light	5	4⅝	7.5
American Zinc, Lead & S.	6¾	5¾	14.8
Armour & Co.	7⅞	7⅜	6.3
Aviation Corp.	6¾	6	11.1
Calumet & Hecla	7¾	7⅛	8.1
Certain-teed Products	9	8¼	8.3
Chicago Great West.	7½	6½	13.3
Columbia Gas & El.	5	4¾	5.0
Consolid. Film Ind.	5¾	5⅜	6.5
Continental Baking	9⅝	9	6.5
Curtiss-Wright	6¼	6	4.0
Delaware, Lack. & W.	10	9	10.0
Electric Power & Lt.	5¼	4¾	9.5
Gair, Robert	6¼	5⅞	6.0
Gar Wood Ind.	8¾	8	8.6
General Baking	9⅞	9¼	6.3
General Cable	6¾	6⅜	5.5
Graham-Paige Motors	7⅛	6⅝	7.0
Hayes Mfg.	7¼	6¾	6.9
Libby, McNeil & Libby	9	8⅝	4.2
Marine Midland	8¼	7⅝	7.7
Maytag	9⅞	9	8.9
Minn. Moline Power Imp.	8⅞	7⅞	11.3
Missouri-Kan.-Texas RR.	8¼	7¼	12.1
National Pow. & Light	8½	8⅝	*1.5
Pacific Tin	6⅜	6⅝	*3.9
Packard Motor	6⅞	6¼	9.1
Parmelee Transporta.	8¾	7⅝	12.9
Pittsburgh Screw & Bolt	8½	7⅝	10.3
Radio-Keith-Orpheum	9¼	8½	8.1
Silver King	7⅛	6⅜	10.5
Sparks-Withington	7⅜	7	5.1
Symington-Gould	9¼	8¾	5.4
Texas Gulf Prod.	8⅜	8	4.5
Tri-Continental	6⅝	6⅜	3.8
U. S. Leather	9	8	11.1
Western Maryland	7	5¾	17.9
Zonite Products	6⅞	6⅜	7.3

60 Stocks Selling Between $10 and $20

Name of Company—	Price March 3	Price March 10	% Decline
American Bosch	19½	20⅜	*4.5%
American Cable & Radio	12½	12¼	2.0
Amer. Rad. & St. S.	14	13½	3.6
Amer. Rolling Mill	18⅞	18	4.6
Amer. Water Wks.	10⅝	9⅞	7.1
American Woolen	11⅜	10	12.1
Austin, Nichols	12⅞	11⅛	13.6
Baltimore & Ohio	16	15⅜	3.9
Bell Aircraft	14⅛	13½	4.4
Best Foods	18⅝	18	3.4
Boeing Airplane	19¾	18¾	5.1
Budd Mfg.	12¼	11	10.2
Budd Wheel	13⅞	12⅞	7.2
Burroughs Add. Mach.	15¾	14¾	6.3
Canadian Pacific	13⅛	12¼	6.7
Celotex Corp.	17	15⅞	6.6
Central RR. of N. J.	13½	12⅛	10.2
Continental Motors	12	10⅝	11.5
Curtis Pub.	11⅛	9¾	12.4
Elastic Stop Nut	11½	11½	--
Engineers Pub. Serv.	19½	18¼	6.4
Erie RR.	14¼	14⅜	*0.9
Farnsworth Tel & R.	15¼	14	8.2
Great N. Iron & Ore	16⅞	16¼	3.7
Gulf Mobile & Ohio	16⅝	15½	6.7
Hudson Motor	18¼	17¾	2.7
Inspiration Cons. Cop.	14	12¾	8.9
Interlake Iron	10⅜	9¾	6.2
Kansas City South	17⅝	16⅛	8.5
Lehigh C & N	14¼	13⅜	6.1
Lehigh Valley RR.	10¼	8⅞	13.5
Nash Kelvinator	17¾	17¼	2.8
National Gypsum	15	14⅜	4.2
National Supply	18⅛	17¼	4.8
North Amer. Aviation	11¼	10½	6.7
Omnibus Corp.	16½	15⅜	6.8
Pan-Amer. Airways	17⅞	17	4.9
Patino Mines	20	22⅞	*14.4
Pressed Steel Car	19¾	19	3.8
Public Service of N. J.	19⅝	18⅝	5.1
Pure Oil	19⅛	19⅞	*4.0
Radio Corp. of Amer.	12	11⅜	5.2
Richfield Oil	13⅛	13	1.0
Rustless Iron & Steel	19½	19½	--
Sinclair Oil	17	16⅝	2.2
Socony Vacuum	16¾	16	4.5
Spiegel	14⅝	13¾	6.0
Standard Steel Spring	11⅝	10¾	7.5
Stewart Warner	18	17	5.6
Stokely-Van Camp	14⅝	13⅞	5.1
Stone & Webster	13⅛	12⅝	3.8
Sunshine Mining	11¼	11⅛	1.1
Texas Pacific L. T.	15⅝	14¾	5.6
United Gas Impr.	16	17	*6.3
Walworth	10⅝	10⅛	4.7
Warner Bros.	14⅝	14⅜	1.7
Webster Eisenlohr	11⅜	10⅛	11.0
White Sewing Mach.	11¼	10⅜	7.7
Willys-Overland	18	17½	2.8
Wilson & Co.	13⅜	12⅝	5.6

100 Stocks Selling Over $20

Name of Company—	Price March 3	Price March 10	% Decline
Abbott Laboratories	62¾	63¼	*0.8%
Air Reduction	46½	44⅞	3.5
Allied Chem. & Dye	162½	158½	2.5
Allied Stores	23½	23	2.1
Allis-Chalmers	45⅛	42¾	5.2
American Airlines	45½	44¼	2.7
American Can	94	93	1.5
Amer. Car & Foundry	44⅜	42¼	2.5
American Locomotive	33⅞	32⅞	3.0
Amer. Smelt. & Ref.	47⅝	46	3.4
American Tel. & Tel.	163¼	163⅜	*0.1
American Tobacco B	73¼	71	3.1
Anaconda Copper	34⅛	32⅛	5.9
Atchison, Top & S. F.	84⅜	82¼	2.5
Atlantic Coast Line	60⅞	58½	3.9
Atlantic Refining	33⅞	33¼	1.8
Baldwin Locomotive	29⅝	28¾	3.0
Bethlehem Steel	73	72¾	0.3
Borden Co.	35⅝	35	1.8
Carpenter Steel	34¾	34	2.2
Carrier Corp.	28	25¾	8.0
Case, J. I.	40	38¼	4.4
Celanese Corp.	42¾	42½	0.6
Chesapeake & Ohio	53	51	3.7
Chicago & North Western	30¼	30	0.8
Chrysler	100¾	100	0.8
Cluett, Peabody	39½	38⅝	2.2
Colorado Fuel & Iron	27¾	27⅝	0.5
Col. Broadcasting A	36½	33½	8.2
Com. Inv. Tr.	44⅝	45⅜	*1.7
Commonwealth Edison	29½	29¼	0.8
Consolidated Edison	27	26½	1.9
Continental Can	42⅞	41¼	3.8
Corn Products	63½	62½	1.6
Crane	30⅞	29⅜	4.9
Crown Zellerbach	23¼	21⅞	5.9
Crucible Steel	44½	44¼	0.6
Delaware & Hudson	46¼	44⅝	3.5
Detroit Edison	22¾	22⅛	2.7
Dome Mines	26	24¾	4.8
Douglas Aircraft	69½	68½	1.4
Dow Chemical	136	132¼	2.8
duPont	164	162	1.2
Electric Auto-Lite	49¼	46½	5.6
Fajardo Sugar	31⅜	31	1.2
Firestone Tire & R.	58	57⅝	0.6
Flintkote	27¼	26¾	1.8
Freeport Sulphur	36¾	38⅛	*3.7
General Electric	42⅞	41⅜	3.5
General Foods	41½	41⅛	0.9
General Motors	67	65½	2.2
General Ry. Signal	35½	35¼	0.7
Goodrich	59¼	57¼	3.4
Goodyear	57	56¼	1.3
Great West. Sugar	28⅞	29⅜	*1.7
Greyhound	25⅜	24⅝	3.0
Gulf Oil	55⅛	55⅛	--
Homestake	49	47⅜	3.3
Illinois Central	28	27⅞	3.9
Inland Steel	86¼	85	1.4
Internat. Harvester	80½	78	3.1
International Nickel	33⅝	32½	3.3
International Paper	24⅜	23¾	2.6
International T. & T.	23⅞	26¼	*9.9
Jones & Laughlin	31¼	30½	2.4
Kennecott Copper	38⅞	37⅜	4.0
Lima Locomotive	58	55¾	3.9
Loew's	79¼	77	2.8
Lone Star Cement	53	53	--
Lorillard, P.	23	21⅝	6.0
Louisville & Nashville	113½	110	3.1
Macy, R. H.	34¼	32¼	5.8
Martin, Glenn L.	26⅜	25	5.2
Masonite	44½	43¾	1.7
McIntyre Porcupine	60½	58½	3.3
Montgomery Ward	55⅛	53¾	2.5
National Biscuit	25⅛	24⅝	2.0
New York Central	24¾	23⅛	6.6
New York, Chicago & St. Louis	42¼	40¼	4.7
North American Co.	22¾	21¼	6.6
Northern Pacific	22⅜	20⅞	6.7
Paramount Pictures	31	29⅞	3.6
Park & Tilford	41½	42¾	*3.0
Pennsylvania	36⅞	35¾	3.0
Pepsi-Cola	24⅛	23¼	3.6
Phelps Dodge	28¾	27	6.1
Phillips Petroleum	52⅝	52¼	0.7
Pullman	50¾	49¼	3.0
Republic Steel	22⅜	22	1.7
Safeway Stores	64⅞	63½	2.1
Sears Roebuck	101⅞	101¼	0.6
Southern Pacific	42¼	40¾	3.6
Standard Brands	31⅞	31	2.7
Standard Oil of N. J.	60	60⅜	*0.6
Studebaker	24¼	22¾	6.2
Twentieth-Century-Fox	28⅝	27½	3.9
U. S. Steel	63⅞	63½	0.6
Vanadium	25¼	24⅞	2.5
Westinghouse Elec.	124½	124½	--
Woolworth	44⅞	44½	0.8

*Advance.

Riddle Sees Monetary Fund as Pump Priming Device

(Continued from page 1258)

"The Fund is wholly unsuited to the transition period of reconstruction which will be characterized by heavy demands for American goods. The demands on the Fund for currency will be concentrated largely on American dollars. The prospects are that the dollars in the Fund will become scarce in a few years, and for all practical purposes the Fund will cease to function effectively unless the United States should make further contributions. It would be unfortunate for the United States to put itself in the position of having to contribute more and more to the Fund or be held responsible for its breakdown.

"The great problem after the war is to restore general political and economic stability in the world. Monetary instability is the result, not the cause, of the instability of more fundamental factors. These basic problems cannot be solved by granting easy credits. We must attack the causes of instability rather than the symptoms.

"In essence the Fund is a worldwide pump-priming project to be financed largely by United States dollars. If trade, and especially United States exports, are over-stimulated by liberal credits, however, we would face an inevitable reaction when credits end and the bubble is pricked.

"In addition to providing for international consultation in monetary matters, the International Bank could also be given the power to make any sound and necessary stabilization loans. There is little doubt in my mind that the other United Nations would accept this amendment to the Bretton Woods proposals. The contention of Treasury experts that any amendment to these proposals would result in the scrapping of the entire program is untenable."

Says Bretton Woods Would Create Black Market in Exchange

(Continued from page 1261)

the fund and bank for foreign nations to juggle in "managing" their currencies and their domestic economic policies, with the United States powerless to intervene because voting control is surrendered to foreign nations.

4. Americans, along with all other nations subscribing to the Bretton Woods agreements, would be at the mercy of a foreign-controlled institution engaged in propagandizing, bribing and coercing the peoples of the world into destruction of democracy and into acceptance of totalitarianism.

5. The United States, and all other nations adopting the Bretton Woods plans, would be committed to policies of perpetual inflation and monetary adulteration in order to preserve political power over the masses.

6. Because the international monetary stabilization fund would be a mechanism for fixing the prices of currencies, efforts to conduct world trade would lead to the development of black markets for foreign exchange, just as domestic price-fixing of commodities has resulted in enormous black market operations.

7. Open markets for goods and services in international commerce, the basis of all progress in democratic civilization, would be destroyed and there would be substituted politically rigged markets that would insure international hatreds transcending any previously known experience.

In concluding his analysis, Dr. Watts ties the Bretton Woods proposals in with a world-wide "collectivist" movement and writes:

"History shows that the final result of these policies will be economic collapse and political revolution. Gifts and easy credit from the United States, which is richer and less far advanced in collectivism, may for a time postpone the day of reckoning. But this postponement will be purchased by a more complete and widespread breakdown in the end."

With McDonald & Co.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—**John P De Vault** has become connected with **McDonald & Co.,** 1009 Baltimore Avenue. Mr. De Vault was previously with Edward D. Jones & Co., Alexander & Co., Inc., and John J. Seerley & Co., Inc.

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"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

Aside from some profit taking in the partially exempts and minor adjustments in the long-term issues, the Government bond market last week marked time, awaiting the announcement as to the maturity dates of the several issues to be offered in the drive. . . . While no information has yet been made available by the Treasury, the opinion is held in some quarters that the new 1½% bonds will be a June 15, 1950/52 issue, with the 2¼s a June 15, 1959/62 obligation and the 2½s due June 15, 1967/75. . . . It is believed that the pay date for these bonds will be June 18th. . . .

If these ideas should be in line with the terms that will be forthcoming on these issues, the Treasury in the coming financing will, in one instance, shorten the maturity and lower the interest rate while, in the other, they will be lengthening the maturity without changing the long-term coupon rate. . . .

SOME LIQUIDATION EXPECTED

Based on the assumption of a 1½% bond, some due June 15, 1950/52, it is believed that there will be some liquidation in the 2% due 1949/52 and the 2% due 1950/52 because of the levels at which these obligations were selling compared with a new 1½% bond at 100. . . . The loss of interest between now and June 18 on a 2% bond is equivalent in price to about 16/32. . . .

Therefore it may be to the advantage of institutions and individuals who can buy the new 1½s during the drive to sell certain of the 2% obligations and take down profits particularly where the maturity is not of paramount importance. . . .

The 1½% bonds will not go below par, and in view of the small amount that will be outstanding and the anticipated demand for them, it seems as though a premium is indicated for this obligation. . . .

A 2¼% bond due June 15, 1959/62 would have a somewhat longer maturity than the outstanding issue, but this probably will not be important enough to certain holders of the old security to mean that they will not dispose of some of them at present levels, to reinvest the proceeds in a 2¼% due 6/15/59/62. . . .

The loss in interest from now until June 18 is equivalent in price to slightly more than 17/32, so that at current prices of 102 3/32 the holders of the 2¼% due 9/15/56/59 can still take down about 1½ points above the loss in income to the probable date of purchase of the new bond. . . .

NEW YORK SAVINGS BANKS

The largest holders of the 2¼% due 9/15/56/59 are the savings banks, and it is indicated that these institutions in New York State are considering selling some of their bonds, since they are in a position to register sizable gains and then put these funds to work at 1% with the Savings Bank Trust Co. until pay day for the new issue. . . . This means that about 8/32 in price would be picked up by these institutions from this temporary investment which would add to the profits realized through the sale of the outstanding 2¼s. . . . Other investors are among the large holders of the outstanding 2¼s, and it is believed they will sell some of the old bonds and use the proceeds to take up the new issue. . . .

Commercial bank holders of the outstanding 2¼s will probably not make any important changes in their position in this issue since these institutions cannot repurchase this obligation until Sept. 15, 1946. . . .

ATTITUDE OF DEALERS

At present the point of discussion is at what level these bonds would meet support if other investors, savings banks and insurance companies should all turn seller. . . . It was pointed out that "Federal" might step in and take on some of these bonds so that they would be in a position, the next time, to stabilize the market if another fear should develop concerning the scarcity of long-term bonds. . . . It is indicated that the dealers are reluctant to take positions in the outstanding 2¼s at this time. . . .

THE COMMERCIAL BANKS

Assuming a 2½% due June 15, 1967/75, it is indicated that commercial banks which own the old restricted 2½% issues will not be sellers of their bonds, since they would not be able to replace them and, at present levels, they are not considered a good switch for the 2½s due 9/15/67/72. . . . Whether individuals, savings banks and insurance companies will let out some of their restricted 2½s, now that it is indicated there will be plenty of these bonds available in the future, will no doubt depend on the trend of prices for the outstanding issues. . . . In the previous War Loans the outstanding restricted 2½s sold close to par before and during the drive. . . .

A 2½% bond if sold now would mean a loss in income, equivalent in price to slightly more than 19/32, to June 18. . . . Based on present prices of 101.4 for the last three issues of the restricted 2½s this would result in a gain of 17/32 above the loss of interest to June 18, the time at which the new issue probably will be available. . . . A somewhat larger profit would accrue if some of the shorter maturity restricted 2½s were disposed of. . . .

PROFIT POSSIBILITIES

As to the unrestricted 2½s due 9/15/67/72, a profit of about 1½ points could be taken, after an allowance for the loss of income to June 18. . . . The commercial banks are the largest holders of these bonds and undoubtedly will not be sellers but are more likely to be buyers on price weakness. . . . Selling by insurance companies, savings banks and other investors will no doubt be well taken by commercial banks with time deposits, since this is the only long-term bond these institutions can buy. . . .

It is believed that there will not be too substantial an adjustment in the price of this obligation from present levels. . . .

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Dick & Merle-Smith To Admit Fergus Reid

Fergus Reid, Jr., member of the New York Stock Exchange, will become a partner in the Exchange firm of Dick & Merle-Smith, 30 Pine Street, New York City, effective today. Mr. Reid has been active as an individual floor broker and in the past was a partner in Callaway, Fish & Co.

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The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 161 Number 4370 New York, N. Y., Thursday, March 22, 1945 Price 60 Cents a Copy

The Financial Situation

The February issue of the Federal Reserve Bulletin carries an address recently delivered on post-war problems and policies. Certain of the doctrines outlined in this address and in the discussion which followed are worthy of special attention for two reasons. First, they are typical of so much that is being said today and, second, they are here given expression and strong endorsement not by one of the so-called economists drawn to Washington by the New Deal managers precisely because they hold and are ready to defend at any time highly unorthodox opinions, but by E. A. Goldenweiser, at the time Director of the Division of Research and Statistics of the Board of Governors of the Federal Reserve System, and more recently made Economic Adviser to the Board. Dr. Goldenweiser joined the staff of the Board in the Wilson Administration, and continued to serve it through three conservative administrations as well as during the 12 years since the Roosevelt regime occupied Washington.

What He Suggests

Now what does this erstwhile more or less orthodox economist recommend that we do when this war is over? Let him speak for himself:

> **"Government should guarantee to every American a minimum standard. . . . There should be established a standard of living below which no person in this country needs to fall under any circumstances; a minimum of food, a minimum of clothing, a minimum of shelter, education, and medical care, and even of money. . . . The other thing that I think the Government ought to guarantee is some kind of job to every person who can work."**

(Continued on page 1292)

From Washington Ahead of the News

By CARLISLE BARGERON

The Bretton Woods agreements, now embodied in a bill before the House Banking and Currency Committee, may or may not be a devicce to save all humankind, or at least, to improve upon it. About that we do not know. But assuming it is in the positive, there may be one of the darndest manifestations of how evil-doers frequently kill off what humankind lovers are trying to do in the interest of humankind, that you ever saw.

Carlisle Bargeron

The facts are that the Administration is trying to push through these and other agreements which it arrives at with foreign governments, by a majority vote of Congress, instead of the two-thirds vote of the Senate, which is the way which the Constitution says all treaties must be ratified. The admitted purpose of this is because it is the easiest way. You would think that an Administration that had a sound proposition would not be afraid of the Constitutional way, but that isn't the way that politics goes, and the Administration is quite right in thinking that politics might kill off its lofty ideas and therefore, would quite naturally try to outwit its fellow politicians on Capitol Hill, those who make up the legislative branch. The only thought one could get out of this is that the whole business is the bunk in the first instance, just a case of one set of politicians trying to outdo another set, trying to outwit them.

There has been a tremendous agitation by the New Deal press that the treaty making arrangement should be changed so that the majority of both Houses would prevail rather than a two-thirds vote of the Senate as is now the case. Notwithstanding all this agitation, there has been no serious movement to so amend the Constitution which is what is entailed. No State has so petitioned Congress and it is one way by which the Constitution can be amended that three-fourths of the States so petition. The plain fact is that if any sizeable number of them did so, there would likely be action in Congress. Those fellows are quite responsive to what is going on in **this** country, at least.

The obvious purpose of the Administration propagandists is that all of these plans of the Administration may be full of holes. They contend that we did not go in the last League of Nations and did not ratify the Versailles peace treaty because of the influence of a group of wilful men. Their point is, and they have been doing very

(Continued on page 1296)

"The Failure of the White Man's Civilization"

An Indictment of World Events and Consequences

By ALEXANDER WILSON*

Writer Diagnoses Causes of the Failure of the White Man's Civilization After Nineteen Hundred Years of Christianity. Bases His Indictment of Man's War-Like Barbarisms and Inhumanity on the Perversion of Religion, Education, Science and Culture. Holds That World Wars I and II Are an Irrefutable Arraignment of the White Man's Civilization. Avers That the Humanizing Force and Influence of the Man of Nazareth Could Draw All People of the Earth Together in the Restoration of Civilized Ideals and Pursuits. Implores the Allied Nations to Outlaw Airplane Bombings, Submarine Sinkings and Robots in Future Wars.

It must be candidly acknowledged that the human family, numbering, it is said, 2,169,868,000 souls of all races and nationalities, has not by any means reached the frontiers of civilization despite mankind's proud boast of his advances in science, law, culture, industry, and other fields of human endeavor.

Alexander Wilson

The much vaunted "White Man's Civilization" has more to answer for than World War I and World War II which was caused by the curse of imperialism and in both of these wars our country was obliged to participate in self-defense.

Proofs of the White Man's Failure

These two global wars constitute an indictment of "The White Man's Civilization" which has no parallel in all history. For World War I, the United States War Department records show a mobilization of 65,038,010 men on both sides, of which 8,538,315 were killed, 21,110,452 wounded, 7,750,010 made prisoners or missing. The casualties totaled 37,494,186 men, or 57½% of the total mobilization. There is no telling what the final total mobilization of both sides will be in World War II, but we do know that it will be as much or more than the first World War. We do know that our country's mobilization of 12,000,000 is more than the 4.500,000 men

(Continued on page 1294)

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*Writer of "Why a New League of Nations Will Not Insure Permanent Peace," in "The Chronicle," March 9, 1944 (p. 1017), and a "Reply to Critics" of this article, March 30, 1944 (p. 1330) and "Peace by Force in an Uncivilized World," Nov. 16, 1944 (p. 2130), and "Are Americans Isolationists?" Jan. 11, 1945 p. 154.)

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A Champion of Common Sense

"There is one thing we shall certainly not do. We shall not bid for votes or popularity by promising what we cannot perform, nor shall we compete with others in electioneering baits and lures. It would be very easy for us all to promise, or even to give each other, presents, bonuses and gratuities in a most enthusiastic manner; but if we woke up in the morning and found that the pound sterling only bought five shillings' worth of goods or services, we should have committed a great crime.

Winston Churchill

"We should have committed the crime of cheating, of cheating soldiers and workers in this country of a nest egg, very often amounting to 200 or 300 pounds, which millions of people acquired by their faithful discharge of duty and their thrift and self-denial during the war. . . .

"Let there be no mistake about it. It is no easy cheapjack Utopia of airy phrases that lies before us. This is no time for windy platitudes. The Conservative Party had far better go down telling the truth and acting in accordance with the verities of our position than gain a span of shabbily bought office by easy, fickle froth chatter. . . .

"If we are to recover from the measureless exertions of the war, it can only be by a large release from the necessary bonds and controls which war conditions have imposed upon us. No restriction upon the well-established liberties that is not proved indispensable to the prosecution of the war and the transition from war to peace can be tolerated.

"Control for control's sake is senseless. Controls under the pretext of war or its aftermath which are, in fact, designed to favor the accomplishment of totalitarian systems, however innocently designed or whatever guise they take, whatever liveries they wear, whatever slogans they mouth, are fraud which should be mercilessly exposed to the British public. . . ."—Winston Churchill.

If common sense only had such a champion in this country!

ABA Proposals Would Wreck Program White Declares, Defending Bretton Woods

The view that the proposals of the American Bankers Association for the revision of the Bretton Woods Monetary Agreement "would wreck the entire program" was expressed on March 15 by Assistant Secretary of the Treasury Harry D. White in addressing the House Banking and Currency Committee during its consideration of the Bretton Woods plan for world economic stabilization through an International Bank for reconstruction and world money Stabilization Fund.

The ABA, in a statement, approved the idea of a $10,000,000,000 bank but described the proposed $8,800,000,000 fund as "novel and contrary to accepted credit principles." It was noted in Associated Press advices from Washington March 15, which said:

However, the bankers' report recognized a need for some form of world currency stabilization and recommended that the world bank be given the "responsibility" for arranging agreements, removal of exchange controls and general rules of procedure.

Relegation of the fund's functions to the bank, Mr. White said, would be "a vital blow to stabilization."

The changes, he told the Committee, would give no assurance that the world currencies would be stabilized and, moreover, would necessitate another meeting of the 44 nations that drew up the Bretton Woods plan last summer.

In response to a question at the hearing on March 15 by Representative Wright Patman of Texas, as to whether he could explain the bankers' objections, Dr. White went through the ABA report, quoting from it and giving his attitude on its various proposals. This is learned from special Washington advices to the New York "Times," from which we also quote:

Dr. White said that there was no objection to the bankers' proposal that the capital of the Export-Import Bank be expanded or to repeal of the Johnson Act and any other statute "now standing in the way of private loans to certain foreign countries."

Discussing the bankers' proposal to scrap the proposed International Monetary Fund, Dr. White said the fund was an essential counterpart of the proposed Bank for Reconstruction and Development, since its existence would make some of the member countries better risks for the bank's operations.

To drop the requirement that membership in the bank be predicated upon membership in the fund, as the ABA proposes, would be "a very serious mistake," Dr. White declared.

Coming to the ABA proposal to give to the governors and directors of the bank power to make agreements with a view to stabilization of currencies in lieu of the activities of the fund, which the bankers would abolish, Dr. White said:

"Adoption of the article (this ABA proposal) would obviously give us no assurance that any such agreements would be made. What, in effect, this does is to say:

" 'Let not Congress act on the very agreement which is before us in the form of the international monetary fund, but let us turn over to this international organization, the bank, the authority to make agreements of this character which "we," the committee of the American Bankers Association, object to.' "

"In other words, let this group do it instead of Congress?" Mr. Patman asked.

"If the monetary fund and the arrangements which it contains are sound," said Dr. White, "then this is the place to adopt it. If they are not sound, what do you gain by relegating the authority to make such arrangements to the bank?"

Dr. White said further that, assuming all of the functions of the fund were incorporated in the bank, the only gain would be the elimination of one board of governors which, he added, "would not be a gain, but a definite loss."

On March 12, Dr. White told the committee that of the two world institutions contemplated by the proposals, there would be more chance of loss to the United States from operations of the Bank for Reconstruction and Development than from the Monetary Fund. In the account of his views before the committee on that day, the "Times" reported as follows from Washington:

The $9,100,000,000 bank, which can make no loans or guarantees in excess of 100% of its capital, reserves and surplus, has met with virtually no opposition, while the fund has been attacked by the ABA as "novel" and probably unworkable.

Dr. White said that while the pool of gold and currencies constituting the fund would always have the same value in terms of gold because of requirements that members keep putting up enough gold or currency to maintain their quotas, and because of the requirement that they keep buying back their own currencies when they have swapped them for the currencies of other members, the bank would make and guarantee some risky long-term loans.

Dr. White explained the relative soundness of the fund in answer to a question by Representative Paul Browne, Democrat, of Georgia, whether it was true that the United States would have to keep putting up dollars in addition to its quota of $2,750,000,000 if the fund were to function over a long period of years.

In the first place, Dr. White replied, the legislation before the committee required Congressional approval before the United States put any resources into the fund over and above its presently established quota.

While doubting that the fund would run short of dollars, as some critics predict, Dr. White said that, assuming such a shortage occurred and the United States refused to put up additional resources, the fund would simply go on functioning using other currencies.

The only way the United States could lose in the fund would be through a war in which some of the members became belligerents or if some member simply refused to abide by its obligations. The latter eventuality, he said, seemed remote.

In either case, he added, the loss would be small since the United States would bear only about a third of the total loss. Such countries as might conceivably forsake their international financial commitments were among the smaller nations, he said.

"You can lose substantial sums in the bank which makes risky loans," said Dr. White, "but in the fund the risk is much less. The fund always has the same amount of gold value of currencies."

Dr. White disputed the criticism that members had access to the fund's resources as an unqualified right. He said that the right was specifically conditioned on living up to certain standards and, moreover, was subject to regulation, restriction and penalty by the fund's authorities.

He denied that the fund would break down in an emergency like that expected in the immediate post-war period, stating that it was designed to be most useful in precisely that kind of a situation.

House Passes Bill Extending Life Of CCC

The bill providing for the extension for two years from June 30 of the life of the Commodity Credit Corporation was passed by the House on March 12 by a vote of 358 to 8, the legislation also increasing the borrowing power of the Corporation from $3,000,000,000 to $5,000,000,000—the latter, it is stated, being $500,000,000 million more than that set in the bill passed by the Senate. The bill now goes to conference. In Associated Press accounts from Washington March 12, it was stated:

A Republican effort, led by Representative Jesse P. Wolcott, Republican, of Michigan, to cut in half the Administration request for a $2,000,000,000 increase from CCC's present borrowing power of $3,000,000,000 was defeated on a virtually party line vote, 153 to 125.

Another Republican amendment, to limit the extension to only one year, was defeated, 119 to 101.

The eight voting against the measure, all Republicans, were Representatives Ellsworth B. Buck, New York; Cliff Clevenfer, Ohio; Clare E. Hoffman, Michigan; Robert Jones, Ohio; Robert W. Kean, New Jersey; Robert F. Rich, Pennsylvania; Frederick C. Smith, Ohio, and Thomas D. Winter, Kansas.

From the Washington advices March 12 to the New York "Times" we take the following:

Regarding alleged irregularities, on Friday Representative Frank B. Keefe, Republican, of Wisconsin, told the House that he had heard reports that speculators with "inside information" of CCC operations had made millions of dollars in the grain market.

"I want to assure you and through you the members of Congress," Marvin Jones, head of CCC, said in a letter to Representative Brent Spence of Kentucky, Chairman of the Banking Committee, "that we are going to the bottom of these charges, secure the facts and if any evidence is found of criminality or improper conduct on the part of any officials or employes I shall promptly remove them and ask that proceedings be instituted to punish them if the facts justify such action.

"Frank Hancock, the President of the corporation, joins me in this assurance."

Market Transactions In Govts. in February

During the month of February, 1945, market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net sales of $48,131,000, Secretary of the Treasury Morgenthau announced on March 15.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:—

1943—		
February	$90,300,000	sold
March	72,927,750	sold
April	400,000	purchased
May	35,200,000	sold
June	145,768,000	sold
July	67,757,200	sold
August	15,800,000	sold
September	2,651,600	sold
October	No sales or	purchases
November	$5,000,000	sold
December	4,800,000	purchased
1944—		
January	$9,924,000	sold
February	105,100,000	sold
March	11,500,000	sold
April	16,511,300	sold
May	9,965,000	sold
June	20,500,000	purchased
July	18,484,000	sold
August	18,992,500	sold
September	28,100,000	sold
October	*	
November	5,900,000	sold
December	12,000,000	sold
1945—		
January	$67,475,000	sold
February	48,131,000	sold

*Less than $50,000 sold.

Bretton Woods and Dumbarton Oaks Called "Two Pillars" in Post-War Construction

Loans to be extended by the International Bank for Reconstruction and Development to permit the restoration of minimum working inventories will be limited to countries which have been occupied by enemy forces, it was disclosed on March 13 by Harry D. White, Assistant Secretary of the Treasury, in submitting to the House Banking and Currency Committee an outline of the scope of the inventory loan provision which the framers of the Bretton Woods agreements had in mind.

Making this known, advices to the New York "Journal of Commerce," from its Washington bureau on March 13, went on to say:

In the first detailed exposition given to the committee on the manner in which the International Bank will extend inventory loans, the Treasury expert emphasized that such credits would probably be made available by the bank only where the depredations resulting from enemy occupation have reduced a country's inventory of raw materials to a point where it no longer is at a practicable minimum level.

No credits are likely to be extended by the bank, he added, merely for normal inventory purchases.

Mr. White told the committee that the original plans for the Reconstruction Bank contemplated restricting the use of its facilities entirely to long-term capital needs. The inventory credit provision was finally included, however, at the insistence of Czechoslovakia, whose delegates emphasized the prospect that some of the occupied countries will require long-term credits to restore their inventory of raw materials.

Discussion of this feature of the Reconstruction Bank highlighted a session otherwise devoted to renewed explanation by Mr. White, in response to committee questioning, of the purposes of the Bretton Woods agreements and of the reasons for the Administration's efforts to get speedy Congressional action.

Noting that the economic problems which the Bretton Woods agreements are designed to tackle will face this country "the moment the war ends," Mr. White pointed to the time-consuming steps which will have to be taken to set up both the fund and the bank even after this country's participation has been approved by Congress. Setting up of the organization, establishment of currency exchange rates, and other preliminary steps will necessarily involve such lengthy negotiations, he said, that "with the greatest possible expedition, it might not be possible for the Bretton Woods agreements to begin to operate for many months, possibly not a year or two, until after the end of the war."

In the course of his testimony, Mr. White put great stress upon the psychological effect which acceptance by this country of the Bretton Woods agreements would have upon American investors. Establishment of the bank and the stabilization fund, he said, would foster a degree of confidence in the economic stability of foreign countries that would encourage private investment by Americans, thereby reducing the scope of operations of the Reconstruction Bank.

Pressed by committee members to give his opinion as to the relationship between the Dumbarton Oaks and Bretton Woods agreements, Mr. White declared that they represent "two pillars" in the construction of the post-war world. He added, however, that the question of agreement on the Bretton Woods proposals is the more urgent of the two.

President Stresses Need of Tightening Belts to Help Feed Foreign Peoples

In declaring on March 16 that the people of the United States will have to further tighten their belts before Germany and Japan are beaten, President Roosevelt added that he thought the country would back up that policy. Saying that it is a matter of common decency for the United States to help feed foreign peoples who might otherwise starve, the President vigorously defended the Administrations' policy of extending such help. And he flatly rejected the idea that such a policy would lead to a starvation diet for this country. United Press advices from Washington March 16, from which we quote, also stated:

He told his news conference he was aware of some opposition to reducing American consumption of certain items so that people of less fortunate nations do not starve. Such an attitude is not decent, he said, and actually the American people are a decent people.

He said that he could not bring himself to think that this country had suffered greatly or was going to, when the American standard of living is compared with that of other countries.

He added that he thought his feelings not only reflected the Administration's attitude, but that of a large majority of the people.

His discussion was touched off by reference to the recent creation of a Government Committee that will examine and control the export of items other than actual military and lend-lease shipments. He said this had aroused criticism in some quarters and charges that the United States would be starved to feed other nations. He respected this idea.

The Associated Press, in noting that the President apparently sided with those in his Administration who have opposed a War Food Administration proposal that some commitments made for Lend-Lease and foreign relief be reduced drastically and that military demands also be trimmed for the April-June quarter to allow civilian supplies to be maintained near present levels, added:

Representatives of the War Department and agencies representing Lend-Lease and foreign relief have resisted the WFA idea. A week ago War Mobilization Director James F. Byrnes turned the whole matter over to a seven-man Government Committee headed by Leo T. Crowley, Foreign Economic Administrator.

The President had Byrnes' announcement before him today when he began his food discussion. He said the reason for the Committee was largely food, but not entirely so. The group, he added, will act as a clearing house.

Taking issue with critics, the President used sugar as an example. Suppose this commodity was short—although he said it isn't—and American consumption was cut 10%. He contended the people here would still live, while sharing with those who need it more abroad.

Some need it more than we do, he said, citing what he called malnutrition in Holland.

Sugar, meat, butter and other fats are among the commodities for which demand exceeds prospective supply. War food officials have warned that civilians here may have to get along with less meat, lard, cheese and evaporated milk, and probably less poultry and eggs.

Vinson Pledges Aid For Post-War Jobs

Fred M. Vinson, Federal Loan Administrator, at his first news conference in Washington March 15 with more than 50 correspondents since assuming his new office, said that when peace came he would make every effort to see that "the resources of our lending agencies are made available to assist American business in the task of providing full employment and attaining the President's goal of 60,000,000 jobs." A special dispatch from Washington on March 15 to the New York "Times" reporting this further indicated him as saying:

Mr. Vinson stressed the point that he would follow the law closely and take his policies from Congress. Sitting with him were several members of the Board of the Reconstruction Finance Corporation, senior corporation in the agencies under Mr. Vinson, all of them "Jones men."

In answer to a question, Mr. Vinson said that he had removed no personnel and did not contemplate any sweeping personnel changes at this time.

Informed of criticism that the RFC was not liberal enough in its loans to small business, Mr. Vinson replied by asking his questioner whether he assumed that the RFC small-loan policy had not been broad enough. He added:

"Any one acquainted with my background knows that I have never been unfriendly to business, large or small. Naturally, I would not be a party to any discrimination to what might be called small business."

Mr. Vinson declared that in the post-war period he was for a higher national income than we ever had in peacetime, with "higher prices for agricultural products, higher wages for workers and high profits for business."

A reporter asked, in view of the controversey between Henry A. Wallace and Mr. Jones as to how the RFC should be run, whether he would follow the Jones or Wallace philosophies. He replied:

"Oldtimer, if you get me into that Jones-Wallace scrap you're a good one."

Told that some critics had been apprehensive about RFC competition with business, Mr. Vinson replied that business "might be critical one day and knocking on the door the next."

"I'd like to see the situation come when there will be no need for Government assistance at all."

Mr. Vinson said in a prepared statement that he could not lay down any program now because "there is a lot to learn and I propose to be a good student."

From the New York "Journal of Commerce" from its Washington bureau March 15, we take other remarks of Mr. Vinson as follows:

High farm prices, profits and wages would result from a post-war national income higher than prewar years, Mr. Vinson said.

"It is my considered judgment that the national income must be at a higher level than we were accustomed to in prewar years and with a higher level of national income there must necessarily be high prices for agricultural products, high wages for the worker, high profits for industry," Mr. Vinson told news reporters.

"If we have substantial purchasing power we will tend toward capacity production which will utilize those who want to work and thereby tend toward full employment."

In response to questions asked him, Mr. Vinson indicated the following as to his plans:

1. The surplus property problem is recognized as one of the first needing attention. A series of conferences is already scheduled.

2. Full canvass of the Government plant problem is to be made. This will involve a study of the particular plant, how it fits into the industry, affects its locality. No decision affecting these plants can be made without the "full picure" which such a survey would give.

3. Mr. Vinson promised to carry through RFC suppport to credit pool plans, enunciated by the RFC before he took office. Under the plan the RFC would take up as much as 75% of loans made by private banking credit pools.

RFC announced its willingness to join in the arrangements after the American Banking Association disclosed plans for regional credit pools which would make funds available to small business.

No specific policy on small business was enunciated by the Federal Loan Administrator beyond saying that he would "not be a party to any discrimination against what may be termed small business."

However, he indicated that a study of small business assistance will be made. "In some future time we may have some information on what has been done on loans to small business," Mr. Vinson said.

4. The various directors of the RFC corporations have all been asked for full statements of their operations.

State Dept. Declares Big Powers' Unity Vital

The importance of unity among the great powers was emphasized by the State Department on March 16, in replying to a question from newspaper correspondents concerning the voting formula reached at Yalta for the Dumbarton Oaks peace plan, according to a special dispatch to the New York "Times" on March 16 in which it was further stated:

The question was in several parts, as follows:

"Apparently under the Yalta voting formula each great power not only has a veto on the forceful settlement of disputes to which it is a party, but also a veto on the peaceful settlement of disputes to which it is not a party. If the department agrees this is so, will it explain why in official explanations the first veto power has been emphasized and the second minimized? Does this complete veto that each power has in some form over every dispute that arises express America's official desire?"

In reply, the Department said:

"The Department has never attempted to emphasize or minimize any aspect of the voting procedure.

"In cases brought before the Council, under Chapter VIII-A (for investigation of disputes) and the second sentence of Paragraph I of Chapter VIII-C (concerning regional adjustments) of the Dumbarton Oaks proposal, decisions of the Council require unanimity of the permanent members as well as a total majority of seven members, with the proviso that no party to the dispute will be entitled to vote.

"Such recommendations and other decisions of the Council are bound to have the greatest weight when they are made by a unanimous vote of the permanent members of the Council not party to the dispute and the concurrence of the required number of other members necessary for the majority of seven.

"The Department feels that in particular the unity of policy and attitude among the permanent members on matters concerning the organization would be one of the strongest means of making the organization effective in its operation."

The State of Trade

Reconversion talk has again come to the fore with the call on Saturday of last week by Ira Mosher, President of the National Association of Manufacturers, for a prompt lifting of the ban on reconversion "just as fast as the military situation and supplies improve."

Industry prior to December of 1944 was preparing the way for an early return to partial peace-time production following the collapse of Germany. Cutbacks and cancellation of war contracts totaling 40%, upon the recommendation of War Mobilizer James F. Byrnes, were scheduled to go into effect with the termination of the European campaign.

Automotive officials at that time stated such a course would throw thousands out of jobs without creating new ones. They further pointed out that manpower would be released without benefit of enabling manufacturers to produce a single car insofar as the automotive industry was concerned, since the unused machinery would not be adaptable to car-making.

With the break-through occasioned by the German counter-offensive, in December of last year, all talk of a return to peace-time production was discouraged. The American people were warned that the struggle ahead would be a long and a hard one. They were urged to put plans for reconversion out of their minds and concentrate all their efforts on winning the war.

The progress of the United Nations in Europe has brightened perceptibly since the collapse of the Belgian Bulge on the Western Front, and to all appearances the Allied armies of liberation are now poised on the threshold of victory awaiting the decisive blow that will spell complete defeat for the enemy. Awaiting that hour, war production must be maintained at full capacity to meet any contingency, but this does not mean that plans to cope with a gigantic post-war employment problem should not be given due consideration now.

Emphasizing the necessity for such action, Mr. Mosher charged that failure to plan now for full employment is responsible "more than any other single fact" for the exodus from war plants of hundreds of thousands of workers in Detroit and other critical areas who desire security of position and are greatly concerned over what is to happen when war production ends. Administration spokesmen have exhibited unusual reticence with regard to their former plans for post-war prosperity and jobs for all, and by such a policy have aggravated the manpower situation at present confronting essential war industries.

Business men are greatly concerned as to just what the Government's plans encompass with respect to the curtailment of war production, the release of men and materials for other uses, the course of wage rates, pricing policies, and a multiplicity of other problems that will develop when the European campaign closes. They want to provide for the transition period from war to peace with a minimum of dislocation to themselves, their employees and the nation's economy as a whole.

In driving home the urgency of preparing the way now for peace, Mr. Mosher made the point that, "To say that we may not think or talk of reconversion now is to sentence us to a post-war default in our responsibilities which might put the whole peace-time economic system in the hands of Government."

Steel Industry—Substantial improvement is looked for during March in steel operations over that of recent periods, but the betterment will not alter the present tight steel delivery situation. Some signs have already shown that steel ingot output has had to a gauged closer to restricted finishing mill operations as a result of a dearth of manpower.

The manpower shortage in the steel industry is not just a matter of numbers, but of certain types of skilled and unskilled labor at spots where the lack of such help cuts down output, states "The Iron Age" in its current report, "This Industrial Week." While ingot production has improved recently, the processing of steel into finished products has slowed down, thus causing raw steel in some cases to be in excess of finishing mill needs. Inroads of the draft into steel mill forces, together with present manpower in skilled jobs close to exhaustion after three years of record-breaking activity, the immediate outlook for significant increases in steel output it not promising.

Satisfied to see the end of severe weather conditions, but still struggling with manpower deficiencies, the steel industry continues to be confronted with a heavy volume of steel orders and directives such as to confound even the best efforts to solve the problem of better distribution. Carryovers this week were still heavy, and for the month of February generally ran as high as 33% to 40% of total order commitments.

An analysis of some delayed shipments, the magazine observes, shows that from 10% to 15% of the total carryovers recently involved material for which January or earlier delivery had been indicated. Despite pleas by WPB that customers cancel advance orders for which authorization was nullified by severe cuts in second quarter CMP allotments, mills report cancellations the lowest in months. Further complicating the steel delivery situation is the heavy demand for shell steel.

The WPB is still having difficulty in placing steel sheet tonnages. WPB is currently attempting to place 240,000 tons of drum sheets for France on already jammed second quarter schedules. The new Navy ship program is not expected to have too much of an effect upon flat rolled schedules, mainly because it will be completed over a long period.

The irresistible action of the military in demanding the front seat in the steel supply picture, plus manpower difficulties in the steel industry, holds out little hope for satisfying restricted civilian requirements for the next two quarters, at least, the magazine states. Estimated military cutbacks following Germany's defeat run all the way from 10% to 35%. It is expected, "The Iron Age" points out, that the tenacious hold of the armed forces on the distribution of steel supplies can only be unloosened after considerable discussion and exertion on the part of those who believe in the necessity for rapid reconversion.

Electric furnace steel output in February showed the best gain on a percentage of operation basis since last May, though considerable capacity is still idle. Some steel users are ordering carbon steel made in electric furnaces because deliveries are easier than those involving open hearth steel. Such consumers are willing to pay the electric furnace differential in order to obtain the steel more quickly. Tonnages involved in such practice constitute only a small proportion of total steel production.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 96.9% of capacity for the week beginning March 19, compared with 94.5% one week ago. This week's operating rate represents a rise of 2.4 points from last week's rate, and is equivalent to 1,774,900 net tons of steel ingots and castings, compared to 1,730,900 net tons last week and 1,777,000 tons one year ago.

Steel production on a tonnage basis for the current week is at the highest level of any week since May 15, 1944, and on the basis of capacity employed has established a new 1945 high, the Institute disclosed.

Electric Production—The Edison Electric Institute reports that the output of electricity decreased to approximately 4,446,136,000 kwh. in the week ended March 10, 1945, from 4,472,110,000 kwh. in the preceding week. Output for the week ended March 10, 1945, was 0.5% above that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 176,500,000 kwh. in the week ended March 11, 1945, comparing with 212,200,000 kwh. for the corresponding week of 1944, or a decrease of 15.9%.

Local distribution of electricity amounted to 173,100,000 kwh., compared with 204,400,000 kwh. for the corresponding week of last year, a decrease of 15.3%.

Railroad Freight Loading—Carloadings of revenue freight for the week ended March 10, 1945, totaled 766,290 cars, the Association of American Railroads announced. This was a decrease of 18,974 cars, or 2.4% below the preceding week this year, and a decrease of 13,975 cars, or 1.8% below the corresponding week of 1944. Compared with a similar period of 1943, a decrease of 2,755 cars, or 0.4%, is shown.

Coal Industry—The Solid Fuels Administrator, U. S. Department of the Interior, in its latest report places total production of soft coal in the week ended March 10, 1945, at 11,025,000 net tons, a decrease of 255,000 tons, or 2.3% from the week previous. Production in the corresponding week of 1944 amounted to 12,300,000 tons.

According to the U. S. Bureau of Mines, output of Pennsylvania anthracite for the week ended March 10, 1945, was estimated at 1,107,000 tons, a decrease of 9,000 tons, or 0.8% from the preceding week. When compared with the corresponding week in 1944, a decrease of 143,000 tons, or 11.4%, is reflected.

Beehive coke for the week ended March 10, 1945, showed a decrease of 4,400 tons below the previous week, and was 21,100 tons less than for the similar week of 1944.

Crude Oil Production—Daily average gross crude oil production for the week ended March 10, as estimated by the American Petroleum Institute, was 4,768,015 barrels. This represented an increase of 2,895 barrels per day over the preceding week, but was, however, 25,335 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of March, 1945. When compared with the corresponding week last year, crude oil production was 386,840 barrels per day higher. For the four weeks ended March 10, 1945, daily output averaged 4,772,950 barrels.

Reports from refining companies indicate that the industry as a whole ran to stills (on a Bureau of Mines basis) approximately 4,777,000 barrels of crude oil daily and produced 14,557,000 barrels of gasoline. Kerosene output totaled 1,666,000 barrels, with

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The Financial Situation

(Continued from first page)

When the meeting was thrown open for discussion, this question came up from the floor:

"Do you think it is possible to institute the social guarantee of minimum wages and the minimum standard of living, and so on, without sacrificing our free, competitive enterprise system?"

Here is Dr. Goldenweiser's reply:

"I am convinced that if we fail to do so we will certainly sacrifice our free competitive system. If we permit nature to take its course, the way we did after the last war, we will invite the loss of free enterprise and all of our liberties. Our one chance to maintain a free enterprise system is to make it produce the standard of living a wealthy and self-respecting country should provide for its population. I believe it is desirable to do this with a minimum of sacrifice of independence and, if I did not believe there was chance of doing it, I would not advocate it. I would be a defeatist and say that we might just as well embrace communism or fascism, or some other "ism." We know from observation, that totalitarianism can eliminate unemployment, and we know from experience that war can do the same. We do not want totalitarianism, because we know that while it accomplishes certain results it does so in a way that sacrifices things that are more sacred. We do not want war. It is my firm conviction that full employment of democratic institutions and economic free enterprise, even as other economically and socially necessary objectives have been achieved. I think what I am proposing is consistent with free enterprise and consistent with democracy, so much so that I am convinced it is the only condition under which free enterprise and democracy will survive — even as long as those of us who haven't very many more years to live will be here to enjoy it."

Apparently in the supposition that it would bolster his argument at some point, although we can not imagine how, Dr. Goldenweiser added an account of what a "wealthy Australian" once told him:

"He said that by the time he had paid the local taxes he had paid 103% of his income in income tax. Well, he didn't get any crocodile tears out of me, because his story proved that living on his principal wouldn't do him much damage."

He Really Believes It

Little wonder that someone rose from the floor at one point and inquired: "Does Mr. Goldenweiser really believe what he has told us?" The speaker assured the audience that he did. We have no reason to doubt his veracity or his candor in the matter—and that is what troubles us.

It is disturbing when smooth New Deal economists follow facile political orators, day after day pronouncing and constantly repeating such folly. When it is constantly echoed, as is happening day by day, and has been for a long while past, by others who heretofore have not generally been associated with the day-dreaming revolutionaries infesting the nation's capital for the past dozen years, the situation becomes very much more conducive to uneasiness on the part of thoughtful citizens who have insisted upon doing their own thinking.

What Dr. Goldenweiser seems to be saying here is in essence about this: Unless under our traditional system of free enterprise we can do better by ourselves in the years immediately ahead, then we shall (perhaps ought to) scrap our American traditions and adopt Fascism, Nazism, Communism, or some other similar form of social and economic organization under which we know we can provide a more abundant life for ourselves.

Merely to state the proposition in these plain unvarnish terms, seems almost to make any refutation a work of supererogation. What a denial of our every day war experience with the operation of a central government which has undertaken to do but a relatively small part of the managing that would be necessary under totalitarianism, especially in peacetimes! What has happened to our cigarettes, our clothing, our food, and all the rest? Apparently the government which, according to Dr. Goldenweiser and the others, would take care of us all handsomely if directed to do so, can not itself find any clear answer to these questions—or any reasonably effective way of correcting or ameliorating the situation.

History Flouted

What a flouting of history! Where is the nation which under any form of totalitarianism has come even near to providing a standard of living equal to ours under our own system of free enterprise? Where is the country which has improved the standard of living over any substantial period of time at a rate even approximating the progress made in this country over the past half century—yes, even counting the early thirties? We speak of what the war has "taught" us! Let us remember that, by and large, this war economy of ours is free enterprise in operation. It is free enterprise under handicaps — some of them quite unnecessary—but free enterprise and individual initiative nevertheless. Where is there a record to match our war production? Let Dr. Goldenweiser find the answer —or some of the others who are forever talking as if it were an established fact that totalitarianism is more able to provide for its people than they are able to provide for themselves.

Free enterprise, if given any reasonable opportunity, will prove itself after this war as it has done repeatedly in the past, but it is not "on trial" unless the American people have become more befuddled than we believe they have.

Treasury Explains Status Of Invasion Currency

Says Invasion Currencies, Other Than the Hawaii and North African Dollars, Are Not Issued by and Are Not Redeemable by the United States, Though Issued and Made Legal Tender Under Authority of the Allied Military Commander in Invaded Areas. Cities Supreme Court Decision Upholding Right to Issue This Currency Under International Law. Asserts Invasion Currency Issued to Armies Is Charged to Appropriations.

In a memorandum released by the Treasury Department on March 14, an explanation is given of the principal currency measures which have been carried out during the war to protect the nation against the effects of the looting of American dollars by the enemy, and to provide the invaded areas and the armies operating in them with a circulating medium and a means of making payments.

The full text of the Treasury's statement follows:

The wide geographical scope of military operations in this war and the great development of techniques of economic warfare have made money an important offensive and defensive weapon of war. Providing this weapon in its most efficient form has required careful and detailed planning far in advance of military operations. Just as we need many varieties of military weapons, of ships and of planes, so we have found that the effective conduct of war on the financial side requires a variety of currency measures designed to meet varied and changeable situations. This memorandum explains some of the principal currency measures which have been carried out during this war.

1. Keeping Dollars from the Axis

Even before we entered the war, this Government, through the Foreign Funds Control of the Treasury Department, took steps to prevent the Axis from using American currency which it looted when it overran the countries of Western Europe and other territories. If we had taken no protective measures, the Germans would have been enabled to use freely the dollars they looted in Holland, in Belgium, in France, and elsewhere, to buy critical war materials in the United States or in other markets, to finance propaganda and espionage, and for a host of other activities constituting an important part of the Axis total war. The strength of the dollar and its universal acceptability throughout the world made it of particular importance that we take steps to prevent use of this currency by the Axis. What we did in substance was to say that no one would be permitted to import dollars into the United States unless he could prove that the dollars were not looted by the Axis. We could not stop trading in dollars in foreign countries entirely, but we did serve notice on anyone who bought the dollar bill anywhere in the world that before he or anyone to whom he might pass the dollar note could bring it into the United States and use it for purchases here, he would have to prove that the dollar did not pass through Axis hands. These measures went a long way in accomplishing their purpose. The Axis realized far less from the dollars they stole than otherwise.

When the Japanese descended upon the Philippines, we were able to take even more effective measures. While the Japanese were still marching toward Manila, we invited people to deposit all dollar and Philippine peso currency they had with the American authorities, against receipt. Careful records were made of the currency so received, and the records are in Washington today. When the defense of the Philippines became hopeless, we burned the currency to make sure that the Japanese would not get it.

After the attack on Pearl Harbor, Hawaii became a danger spot in our defenses, and we could not be blind to the possibility that the Japanese might attempt to invade the Islands, as, indeed, they evidently intended to do when we stopped them at Midway. As a defensive measure, we introduced the Hawaiian dollar, which is simply regular United States currency with the word "Hawaii" overprinted in large letters. We exchanged all regular dollar currency in Hawaii for Hawaiian dollars, and we were then ready for the Japanese from the point of view of money. Had the Japanese conquered Hawaii, the distinctive Hawaiian currency would have made it possible to take appropriate measures to prevent the enemy from using this currency to any advantage. In 1943 and early 1944, the Hawaiian dollar was put to further use in the occupation of certain Japanese-held islands in the Pacific, for the convenience of our naval personnel, since they operated out of Pearl Harbor. More recently, since our successes in the Pacific have removed all danger of an invasion of Hawaii, we have discontinued issuing Hawaiian dollars and are gradually withdrawing these dollars from circulation by replacing them with regular currency as they are turned in to banks.

2. U. S. Military Disbursements in the United Kingdom

Large American forces have been in Great Britain at all times since the early days of our participation in the war. These men had to be paid, and the Army and Navy had to make incidental expenditures for their maintenance and for other military purposes not covered by reverse lend-lease. The British Government did not want American dollars paid to our troops, and thus put into circulation on a large scale in Britain. British exchange control laws forbid the circulation of foreign currencies, and the use of American dollars for troop pay and other purposes would have broken down the British domestic and foreign exchange controls. Moreover, dollar payments would have been inconvenient for the men as well, since everything they might want to spend the money for was priced in terms of British currency. For these reasons, it was obviously undesirable to pay our men in dollars. In the United Kingdom we followed the usual practice, and the one that we followed in the last war; we bought British pounds from Britain and paid for them in American dollars. Then the British money was disbursed as net troop pay in Britain and for other purposes. No special problems arose because Britian was not an invaded country, the government was functioning normally, and banking facilities were readily available for this kind of exchange transaction.

It must be pointed out that in Great Britain as well as in all other parts of the world, whatever the currency arrangement may be, the soldier gets local currency only to the extent that he wants cash for local expenditures. Much the greater part of the soldier's pay is not drawn in cash at all. It is allotted to dependents of the soldier, it goes to pay premiums on insurance policies, it is sent to people in the United States in the form of personal remittances, it is deposited through Army facilities in American banks, and it is used to purchase war bonds. All of these transactions are carried out wholly in dollars. It is only the minor percentage of pay which the soldier wants in cash for expenditures in the foreign country which is paid to him in foreign currency. If at any time a soldier finds that he has not spent all the foreign currency he drew, he can exchange what he has left, through Army facilities, for dollars to be sent to the United States as a remittance or for saving.

The same pattern has been followed in other lands, not occupied by the enemy, where our troops have gone in the course of the war. Thus, in Australia, Brazil, Canada, India, Iran, Iceland and other far-flung places where our troops have gone to man the supply lines, we buy the local currency we need for dollars in the traditional manner.

3. Invasion Currency

When we prepared to invade enemy countries, and countries occupied by the enemy, we could not plan to use the procedure followed in Britain and other countries which have not been battlefields of the war. From the outside, we could not know with certainty what we would encounter in enemy-held territory. In Tunisia, the Germans flooded the territory with French francs, paid out with a lavish hand, in the hope of setting loose an uncontrollable inflation, as they did so much more thoroughly in Greece. In Sicily, the Germans ordered the banks to burn Italian currency before our forces arrived. We had to be ready to meet both these tactics, as well as others which have been used against us. We needed to assure our troops of necessary currency, without depending on local banks (because we might find banks destroyed, or unusable because their management's loyalty was questionable), without knowing whether civilian government would be in condition to permit normal business transactions, and without the opportunity (in the case of enemy and French territory) of making arrangements in advance with a recognized government. We had to anticipate the possibility that we would be required to provide currency for civilian needs, before local self-government could be re-established in liberated areas. Our assault forces would precede even a recognized government. We might find that the mayor of the first town liberated needed money urgently to keep his police force on the job, to hire laborers to clear the streets, or for a host of other work needed in the immediate wake of battle.

Our supply officers needed an acceptable currency so they might purchase quickly and readily supplies and services which the Army might require of local civilians. It is obviously easier to hire a crew of laborers to unload ships if we pay them in cash at the end of each day, rather than give them receipts and tell them to submit their claims for future collection.

In our first invasion operation, North Africa, we used yellow seal dollars. Yellow seal dollars, like Hawaiian dollars, are regular American currency, with a distinguishing mark to permit segregation if the situation so requires. We simply substituted yellow ink for blue in printing the seal on regular silver certificates of the United States. We did not know whether we would be welcomed as allies or resisted as invaders; we could not be certain that we would not incur reverses. The yellow seal gave us the opportunity to segregate the currency if we should be driven from North Africa. The yellow seal also gave us the opportunity to distinguish this currency from regular United States currency which we found in circulation in North Africa on our arrival there. In administering our controls designed to keep the Axis from realizing on looted dollars, we were able to permit the yellow seal currency to be imported into the United States with less necessity of control than regular currency, which might have been looted by our enemies.

We stopped issuing yellow seal dollars in North Africa within a few months after our arrival there, and have succeeded in withdrawing almost all from circulation. When we planned to change over to the use of regular North African banknotes, we found that the French in North Africa had neither the paper, ink, nor printing facilities to supply the demand for local currency. Thus the French currency finally put to use in place of the yellow seal dollar was actually printed by a private firm in the United States, for the North African issuing banks. If General Eisenhower's invading forces had not carried a supply of currency, there would have been an actual physical shortage of money for the circulation required in North Africa. The new North African currency made possible a prompt currency conversion by the French authorities after the Nazis were expelled from Tunisia, thus stemming the inflation the Germans tried to create.

In planning for the invasion of Italy, we had another important consideration in mind. We did not want to pay our men in dollar currency, and thus turn dollar claims against the United States into general circulation in an enemy country. After the last war, our Army of Occupation made gross disbursements of almost $300,000,000 in Germany, most of it by cashing dollar checks for marks at German banks, and by paying out actual dollars to our troops. These dollars were never recovered. We filed a claim for our net costs of occupation, and we have been no more successful in collecting than have the European reparation claimants against Germany. By using an invasion currency assimilated to the currency of the occupied territory, we can keep the dollars pending final settlement rather than give them to the enemy.

In the first few weeks of the Sicilian operation, we used yellow seal dollars, as in North Africa. While preparations were under way for months in advance to use the Allied Military lira, we did not want to print the word "Italy" or the word "lire" until the world knew where the Allied armies would strike. We discontinued issuing yellow seal dollars in Sicily within a short time, and, as in North Africa, have since succeeded in withdrawing the bulk of this currency from circulation.

The AM lira, which has been ever since in Italy, is not a currency of the United States in any sense. It is an Italian currency, originally declared legal tender in Italy by the occupying Allied armies acting as the military government of occupied Italy. Under settled international law, the military governor of occupied enemy territory can make laws for the territory, with the full governmental authority. Thus, the Supreme Court of the United States has said:

> "The right of one belligerent to occupy and govern the territory of the enemy while in its military possession, is one of the incidents of war, and flows directly from the right to conquer. We, therefore, do not look to the Constitution or political institutions of the conqueror, for authority to establish a government for the territory of the enemy in his possession, during its military occupation, nor for the rules by which the powers of such government are regulated and limited. Such authority and such rules are derived directly from the laws of war, as established by the usage of the world, and confirmed by the writings of publicists and decisions of courts—in fine from the law of nations. . . . The municipal laws of a conquered territory, or the laws which regulate private rights, continue in force during military occupation, except so far as they are suspended or changed by the acts of the conqueror. . . . He, nevertheless, has all the powers of a defacto government, and can at his pleasure either change the existing laws or make new ones." **Dooley** v. **United States,** 182 U. S. 222 (1901).

The military governor declared AM lira to be legal tender in Italy, and thereby made the currency equivalent to and assimilated with the previously issued regular Italian lira. AM lira contains no promise of redemption on the part of the Allied forces, and the currency has in every way been made part of the currency issue of Italy. The Italian Government made the AM lira legal tender as one of its first official acts after its arrival in liberated territory in September, 1943.

The Allied Military lira, while printed in the United States, was not issued by the United States. It was issued by the Allied Military Commander of the Mediterranean Theater, acting for the armies under his command, British and American, with contingents of other countries. The printing could just as well have been done in Brazil or India; we did it here because we had the printing facilities.

Our preparations for D-Day, for the invasion of Western Europe, were simpler in two respects. First, we had legally recognized governments-in-exile with which we could deal, in the case of Belgium, the Netherlands and Luxembourg. Second, plans for an invasion of Western Europe were publicly announced, and the currencies for all of the occupied Western European countries were produced simultaneously.

The allied forces landed on the Normandy beaches with "supplemental francs." This currency was printed in the United States, because printing facilities were available here, in agreement with the British Government and after consultation with the French Committee of National Liberation. Subsequently, the French Committee, which was successfully recognized as the **de facto** authority in France and as the Provisional Government of the French Republic, assumed responsibility for the issue of all the supplemental francs used since D-Day. Our arrangements with the French authorities thus are the same as the arrangements with Belgium, the Netherlands and Luxembourg, made before D-Day.

The Belgian Government in London had prepared a new issue of Belgian currency which was printed at its order in England. The Belgians were asked to advance to General Eisenhower as much of this new Belgian money as might be needed by the liberating armies. We undertook to pay the Belgian Government in dollars for any expenditures made by the American forces for net troop pay or for certain other strictly military purposes not covered by reverse lend-lease. Any advances made toward the conduct of normal civilian affairs in Belgium would be for the account of the Belgian Government, and we would not be expected to reimburse the Belgians.

Netherlands currency was printed privately in Canada at the order of the Netherlands Government-in-Exile, and similarly was supplied to General Eisenhower. The new Luxembourg currency was printed both in Britain and in the United States.

The availability of a new currency for each of these liberated countries provided a necessary monetary instrument, necessary both for the military forces of liberation and for the government of the liberated country. Thus, the Belgian Government, after its reestablishment in Brussels, called in all old high denomination Belgian currency circulating, and made the new notes the only legal tender. This was done as part of a financial program designed to reduce the inflated currency circulation imposed on the Belgians by the Germans and to help stabilize the Belgian economy.

In the Pacific theater, we followed the same procedure in our arrangements with the Dutch Government for military operations in the Netherlands Indies. The forces of General MacArthur and Admiral Nimitz were armed with Netherlands Indies guilders prepared upon the order of and issued by the Netherlands Government supplied to General MacArthur and Admiral Nimitz and paid for in dollars to the extent that they were used for net troop pay and other strictly military expenditures not covered by reverse lend-lease.

United States Army and Navy forces in the Philippines are using a new "Victory Series" of Philippine currency and a new 1944 series of Philippine coins prepared in anticipation of our return. The currency, as in prewar days, was produced by the United States Bureau of Engraving and Printing, and the coins were manufactured by the United States Mint, at the request of the Philippine Commonwealth Government. As in pre-war days, every two pesos of the new Philippine Treasury certificates is backed by one United States dollar on deposit in the United States, and in addition the Commonwealth maintains an exchange stabilization fund amounting to between 15 and 25% of the currency in circulation.

In each of the Allied countries, the invasion currency used was not in any sense a currency of the United States. It was provided by the local government of the liberated country itself, and such government or its central bank is solely responsibile for the redemption of the currency. We pay in U. S. dollars for the foreign currency we use for net troop pay and certain other strictly military expenditures not covered by reverse lend-lease. The moment any such disbursements are made by Army Finance officers, Washington is notified and the dollar amount is taken from the Army appropriation and set up in a special account in the Treasury. A similar procedure is followed with Navy expenditures. Thus, Congressional control over the size of Army and Navy appropriations is strictly maintained, Generals Eisenhower and MacArthur and Admiral Nimitz are supplied with ample local currency of the country in which they are operating and the Allied government is paid later when the accounts are balanced up.

As the picture changed in Italy, and Italy became a co-belligerent in our war against Germany, the AM lira demonstrated its usefulness. It was decided to make available to the Italian Government, for vital rehabilitation, the dollar equivalent of net American troop pay disbursements made in AM lira, thus following, in part, the pattern of our arrangement with our Allies. This action, taken in such a way as not to prejudice any ultimate financial settlement with Italy, is helping Italy today to share in the struggle to liberate Northern Italy.

The Allied Military mark has now been introduced in occupied areas of Germany by the Allied armies. It is being issued under the same conditions as provided the basis for the original issuance of AM lire.

4. Who Will Redeem These Currencies

When invasion currencies were first put to use by the Allied forces the question was frequently raised, "Who will redeem these currencies?" Writers in various popular periodicals, as well as financial journals, speculated from time to time as to whether the United States did or did not intend to redeem invasion currencies, or whether some other government or agency did or did not intend to do so.

All of this speculation about whether or not the United States will "redeem" such currencies arises from a fundamental misconception of their nature. The United States Government did not issue any of this invasion currency (except, of course, yellow seal and Hawaiian dollars, which, as pointed out above, are in every respect United States money), and therefore is under no obligation to "redeem" such currencies. No promise of redemption was ever made. No invasion currency carries any legend suggesting redemption by the United States. In fact the words "United States" do not appearon any of the invasion currencies at all. These currencies serve the same purpose of providing local means of payment as is served by the British sterling used to pay our troops in Britain and our obligation of redemption no more exists in the former case than in the latter.

Every local currency used by the Allied forces is issued by the authority of the lawful government of the country in which the currency is disbursed. Belgian, French and Dutch currencies used by our troops are issued by the lawful Belgian, French and Dutch Governments, just as the British pounds we use are issued by the British Government. AM lire and AM marks are issued by the lawful governments of the portions of Italy and Germany occupied by the Allied forces; under international law the military commander of these areas is the lawful government. Due to the destruction of Italian facilities, it has been necessary for the Allied Financial Agency to continue to make available AM lire, which has been made legal tender by the Italian Government in territory controlled by it, both for the needs of the Italian Government and the Allied forces.

Thus, it is perfectly clear that the United States has not obligated itself in any way to "redeem" any invasion currency issued in a foreign land, and we have no "secret understandings" that we will ever do so.

We have arranged to pay the Allied governments dollars equivalent to the net amount of invasion currency disbursed to our troops as pay and allowances in these foreign lands, as we pay dollars to the British when we buy sterling with which to meet our Army and Navy payrolls in the United Kingdom. Similarly, other strictly military expenditures originally effected in invasion currency in these Allied countries are also compensated in dollars to the Allied country whose currency we use, if they do not come within the scope of reverse lend-lease.

The local currency, which is paid to our troops in foreign territories, is furnished to the military forces by the governmental authority concerned. When the U. S. forces obtain a foreign currency for military expenditures, the relevant military appropriation is charged for the dollar equivalent thereof in the United States. In this manner the control of Congress over the expenditures of the U. S. military forces is maintained. The amounts of the dollar equivalent of the net troop pay and other strictly military expenditures not covered by reverse lend-lease which have been certified to the Treasury by the War and Navy Departments are paid to the Allied government concerned. In the case of Italy, we held the money in a suspense account until recently, when it was decided, in view of Italy's status as a co-belligerent, to make the net troop pay dollars available to the Italian Government for the purchase of necessary rehabilitation supplies in the United States, as pointed out above.

When our troops are paid in new Belgian francs supplied by the Belgian Government, they are getting the lawful currency of Belgium. Similarly, when they are paid in AM lire, they are getting a currency which is a lawful currency of Italy.

It is the same in each of the countries into which our armies have moved. Invasion currency is not something separate and apart from the currency of the country. It becomes, immediately upon issue, part of the currency of the country in which it is issued. We use the currency system we find for the needs of our troops, because that is the quickest and most efficient way of providing our armies with the money they need for carrying on their operations.

Our allies have followed similar procedures in providing currency for their military forces in foreign lands. The British used a British Military Authority note, denominated in pounds in their early operations in Africa; again, side by side with our yellow seal dollar, in North Africa and in the early weeks of the Sicilian operations; and, only a few months ago, in the operations in Greece. The British joined us in the use of AM lire in Italy. British arrangements with the Western European countries for currency are much the same as ours. Canada is being supplied with francs and guilders in the same way. The Russian forces introduced a military lei in their invasion of Rumania, and are today using the same AM mark in eastern Germany as we are using on the Western Front. We have planned with our Allies for the use of money as well as for the use of other weapons of war.

Venezuela, Russia In Pact

Caracas, Venezuela, Associated Press advices March 13 said:

"Venezuela and the Soviet Union have agreed to establish diplomatic and consular relations, a Government communique announced tonight."

"The Failure of the White Man's Civilization"

(Continued from first page)

in all our services in the first World War and that our casualties in this war alone will total over 1,000,000.

A Kill or Be Killed Age

Who will deny that this lovable old world of ours has again become a virtual Slaughter House of human beings. Or who will say that the White Man's Civilization is not a confessed failure in the light of recent events as we eagerly search through the daily grist of news to see how many thousands of our enemies have met death at our hands either by bombings, ship sinkings, clashes with tanks or infantry attack.

Verily, we are living in a KILL or BE KILLED age until it almost seems that the KILLING of our fellow beings is the highest order of the day.

Perhaps it is satirical to suggest to this college bred, sophisticated generation that instead of the holocaust of war, it would be much more sensible and even more decisive for the so-called civilized nations to hold a fistic Olympia, wherein each nation—Germany, Japan, Italy, Russia, France, China, Great Britain and the United States—would put on say 100 pugilistic bouts with the best prize fighters of each country represented, the final issue of the WAR to be determined by the nation whose pugilists won the most bouts. What a saving of human material and property to both sides of the controversy!!!

There is a precedent for this procedure back in Biblical times when Goliath, a giant, who, the Good Book says, stood six cubits and a span in height, was slain by a stone from David's sling in a single combat which automatically decided the battle between the Israelites and the Philistines, who stood by to watch the proceedings. Surely this was a convincing example of pre-arranged warfare in which two solitary individuals fought a battle to the finish to determine the issue for two contending nations. They did those things so much better in ancient days.

A Look at the World Picture

Viewing national and international scenes as a whole, moral and spiritual values seem to be a thing of the past if they were ever taken very seriously by the majority of dwellers on this earth.

The world picture as the writer views it over the past 60 years is not exactly an inspiring one.

True, a few wars have been fought for laudable principles, but more often, wars are actuated by selfishness and hate on one side or the other.

The impartial student of history will wince when he reviews the happenings of these times whether he is appraising the inefficiency of our government "politicos" and bureaus, the conduct of some of the world's leaders or the paganism of the so-called civilized countries or some of the present day social or political manifestations.

One should not be classed as an iconoclast when he asseverates that "The White Man's Civilization" in spite of Man's vain boastings and proud achievements in various fields, is a flat failure.

To corroborate the arraignment of Civilization, we need not summarize the course and conduct of Britain, France, Spain, Netherlands, Germany, Russia, Italy and other so-called Christian countries during the last 100 or 200 years, to accomplish their selfish territorial, trade and racial aims by force, conquest and aggression.

The historic record of their savage wars, one against the other and against our country, is too long to narrate here and the details are familiar to every student of history.

The great World War in Europe 1914-1918 and the present Global War are in themselves irrefutable indictments of the White Man's Civilization and furnish sufficient proof that the civilizations represented by these enlightened countries are failures.

The pages of history are drenched with the blood of misguided human beings of powerful so-called civilized nations whose peoples are considered followers of Christ browbeating small or weaker but sometimes gallant nations into abject submission by force of arms. Without being sardonic, I do not see how the so-called civilized Christian nations can ever again approach the "heathen" (?) in other lands and expect to sell them civilization, or its complement Christianity as we know it, when such nations are among the leading exponents of Mass Murder in the present conflict.

In all seriousness may I ask—would it be fair to the "heathen" or to the believers in other religions, to substitute ours for theirs before we civilize Civilization or christianize Christianity?

Is Mankind Progressing?

In our business, political, personal and social relationships the attainment of higher altruistic standards and higher humanitarian levels are, if anything, far short of the ideal and often rank failures measured by ethical standards.

Judged by the record of the last one hundred years, mankind seems to be retrograding and a person would have to be an optimistic optimist to conclude that civilization with all its backward movements is moving on to a better day and a better world.

What is the matter with humanity, what is the matter with the "White Man's Civilization" what ails the Christian Church? Why has the Church universal, for instance, made such a poor mess of redeeming the world?

Surely the civilizing process prompted and aided by the Church and the Christian religion should have been a potential, refining, regenerative force which would cause pagan and Christian, whether white, black, yellow, or brown, to live and work together on this earth for the betterment of all mankind.

What the World Needs

What the world needs to learn now more than ever, are the religious concepts of the greatest Jew of all time, the humble carpenter of Galilee—the spiritual and moral leader of Mankind—Jesus Christ.

Who will say that the beneficient religion of the Saviour is not the greatest need in this desolate war-torn world of ours today and who will say that there even was a time when the transforming and humanizing force and influence of the Christian principles of the Man of Nazareth could do more to draw all people of the earth together in the restoration of civilized ideals and pursuits. But is religion, as individuals and nations profess and practice it today, the religion of the Great Moral Leader of mankind who taught and exemplified the acme of unselfishness epitomized in "Greater love hath no man than this that a man lay down his life for his friends"?

Are the religious concepts of Protestants, Catholics or Jews the disinterested, uncommercialized, simon-pure kind, which were preached by the lowly Nazarene?

Perhaps this is "The Answer" why civilization in the light of today's events is a failure, why the Christian Church has made such a poor job of religion and why the Church is such a weak and ineffective moral force in the affairs of nations and individuals after nineteen hundred years of trial.

So it might be well to give up the search for the perfect man in either business, politics, society or in other fields of human activity for if it is perfection we are seeking it is a conservative statement to declare that we will not find the "perfect man" or the perfect nation this side of heaven. The endeavor will prove as fruitless as Herr Hitler's effort to put the Germans on the map as the Master Race.

Other Causes of Failure

In appraising the other causes for the "Failure of the White Man's Civilization" the most disappointing include: education, science, culture and the arts.

We had every reason to expect that the transforming and humanizing effect of education and cultural training would uplift the White Man from ignorance and his savage instincts, that education and knowledge would endow him with enough reason and ethics to rise above the common level and lead the world to better and higher aspirations and achievements.

Yet it is militaristic leaders like Hitler, Himmler and ex-Mussolini, who, dominating their own nations, have plunged the world into agony, chaos and ruin. Why is it that the educated men and women in advanced countries like Germany, Italy and Japan are dominated by human gorillas like Hitler, Himmler, ex-Mussolini and Hirohito?

Why is it that the common people and the intelligentsia of so many countries in different periods of the world's history permit themselves to be pawns in the mad, wasteful, bloody game of conquest and imperialism. Is it a case of mob psychology?

In their recently published book, "The Problems of Lasting Peace," Herbert Hoover and Hugh Gibson have listed the following men as the "apotheoses of militarism and aggression": Alexander the Great, Ghengis Khan, Julius Caesar, Charlemagne, Gustavus Adolphus, Napoleon, Kaiser Wilhelm. To this list should be added Hitler, Himmler, ex-Mussolini and Hirohito.

The Survival of the Fittest

Whatever we think about the tendencies of our times, our minds gravitate with regretfulness to the fratricidal world tragedy which is now, let us hope, entering its last phases.

The grim facts of this bloody era seem to add up to this: That wars are the inevitable evolution of human events in history wherein the offender and the offending nation suffer alike and the weak as well as the strong must inevitably fight for the right to exist.

There seems to be no escape for the small and weaker nations from the law of the jungle or from the aggressor or transgressor.

The survival of the fittest is not by any means predicated on right or fair dealing but on might and fighting power.

Dollars and pounds sterling win wars. The country or countries with the most dollars, the most army, the most navy, airplanes, tanks and other death dealing equipment will be acclaimed victors when they succeed in wearing down their opponents by sheer numbers and staying power.

Germany in the Family of Nations

It is almost axiomatic to say that the world cannot do without Germany in the family of nations nor can Germany exist without the other nations of the world. This, of course, brings to mind the German complex for war, Germany's record of militarism since 1864 and the endorsement her nationals have always given Pan-Germanism and their brutal wars for conquest and imperialism.

The perplexing question is what will the Allied nations do with Germany after the war is fought and won. What will the Allied nations do to offest or stamp out the German militaristic objective and Nazism with which the younger generation particularly have been indoctrinated?

A ruthless "Answer" that might be made to this question is viz: The only way to civilize misguided nations with barbaric propensities like Germany and Japan, is for the "civilized" nations of the world to address themselves to the decent elements in the offending nations' population and failing in that there remains no other recourse except to treat international lawlessness and contempt in much the same manner as we would treat a murderer or an insane person or a mad dog.

There is no more patent proof needed to prove "The Failure of the White Man's Civilization" than the low point to which international morality has fallen than the wanton persecution of the Jewish people and other faiths by the Germans and the merciless death of non-combatant women and children and the destruction of their homes by bombing in all the countries at war in Europe.

Imperialism the Principal Cause of World Wars

The humanitarian looks in vain for a world peace organization which will ensure **permanent peace** or which will **prevent a third World War of the Great Powers** within the next quarter of a century.

If we do not close our eyes to actualities, we cannot avoid the inevitable conclusion that wars will continue until the end of time unless the Great Powers abandon Imperialism.

Objectively speaking, there can be no effective enforcement of world peace nor can a real League of Nations function under present conditions while Imperialism is the avowed policy of Great Britain, France, Russia, Germany, Italy, Japan, the Netherlands and Portugal.

The Least That Humanity Can Hope for When Peace is Concluded

Out of the welter of this horrible, senseless War, mankind can move a long way from the savagery of modern warfare if the Allied and Axis Powers will solemnly pledge themselves that in the event of another war **they will outlaw robots, submarines, indiscriminate airplane bombing of cities and other populated centers. poisonous gas and chemicals and also the coming use of germs in warfare.**

It goes without saying that the future bombing of non-combatant men, women and children in civilian centers of population should not be permitted under any circumstances. Airplanes—the "eyes of the Army and Navy"—should be reserved for scouting and reconnaissance purposes only.

If such humane reforms as these are instituted and faithfully adhered to as a result of the coming Peace Settlements and were the only gains to arise from World War II, mankind will have advanced nearer to the goal of a civilized world both in war and in peace. That, I think, is the least that humanity can hope for in a world sorely beset with racial, social and political fanaticisms and international hatreds.

Bella Horrida Bella

There are worse things in life than death for I cannot imagine anything which equals the suffering and agonized existence endured by the peoples of Europe during the ceaseless bombing and devastation of their homes and the ravishing of their bodies and souls in this fratricidal war. I cannot conceive of any lot worse than the ruthless treatment of our nationals at German and Japanese concentration camps, the heartless treatment and extermination of the Jewish race, the raping of women and children, the breakup of families, the enslavement of their menfolk in German mills and factories. Nature in its most catastrophic manifestations, whether it be flood, earthquake, tornado, fire, volcanic eruptions, or what not, does not begin to compare with the fiendish cruelty and savagery which civilized man has devised for the killing and destruction of the human race and this by those who claim to be followers of Jesus Christ and believers in the principles of Christianity. This being so, who can conscientiously deny that we are not witnessing the failure of the white man's civilization? "Sic transit gloria mundi."

In conclusion, I would like to quote some fateful words taken from a philosophical monograph entitled "The Key to Life," written by my friend, Mike M. Rinn, of Boulder, Colorado, viz:

"Out of the darkness—light,
Out of the substance—breath,
Out of the sunlight—night,
Out of the living—death,
Out of the peaceful—strife,
Out of the struggle—calm,
Out of the rottng—life,
Out of the painful—balm,
Evolving throughout the ages
Progressing through ether and sod,
Man writes his history in pages,
But the final chapter is God."

Feb. Steel Output Drops

Although calculated weekly production of steel ingots during February was almost back to the December level, total ingot production for February was approximately 500,000 tons lower than in January, according to a report by the American Iron and Steel Institute on March 10. Fewer working days in February, manpower difficulties and the storms that interfered with transportation were factors tending to hold down production.

The February production was 6,657,703 tons, against a revised total of 7,204,303 tons made in January and 7,188,317 tons made in February, 1944.

Operations averaged 90.9% of capacity in February, compared with 88.8% in January and 96.9% in February, 1944.

The calculated weekly production in February was 1,664,426 tons, against 1,626,253 tons in January and 1,736,308 tons in February, 1944.

Mail Service To France

Postmaster Albert Goldman on March 13 directed attention to the following announcement issued by Postmaster General Frank C. Walker that effective immediately the limited mail service to France is extended to include printed matter not exceeding one pound in weight. The postage rate is 1½ cents for each two ounces:

"The service is restricted to periodicals and newspapers mailed directly by a publisher in this country to a publisher, an agent, or a subscriber in France; and to other types of printed matter mailed directly by a commercial firm or publisher.

"Forwarding or remailing any article of printed matter for France is prohibited. Publications containing technical data must comply with the licensing requirements of the Foreign Economic Administration.

"Previously, mail service with France has been restricted to non-illustrated post cards, letters, and letter packages. The limited mail service is available to the whole of continental France with the exception of the department of Moselle, Bas-Rhin and Haut-Rhin, and the territory of Belfort."

Representatives of 100 Groups Discuss Bretton Woods Agreement With Morgenthau

At the invitation of Americans United for World Organization, 104 national organizations met in Washington on Feb. 28 with Secretary of the Treasury Morgenthau and members of his staff to discuss the Bretton Woods Agreement and the relation of the proposals to the larger picture of international cooperation. Dr. Ernest M. Hopkins, Chairman of Americans United, in requesting the Treasury Department officials to meet with these organization representatives, said he would be glad to invite these organizations to such a meeting with the understanding that they came for information and guidance and without commitments. Secretary Morgenthau replied to Dr. Hopkins that he would be happy to accept this offer to assist in engendering a fuller public understanding of Bretton Woods. The meeting was held at the Commerce Department auditorium Hugh Moore, President of Americans United, presided.

Mr. Morgenthau, opening the conference, said: "In all the 11 years I've been in the Treasury, we've never had anything as difficult to explain as these proposals." The Associated Press advices from Washington indicating this on Feb. 28, also said in part:

Archibald MacLeish, Assistant Secretary of State, emphasized the importance of public understanding of all the various international proposals. He told the gathering that the days between now and the April 25 United Nations conference at San Francisco are "perhaps the most critical in the history of the country."

He said that if the people of the world don't understand and accept the idea of international collaboration, "it makes no difference what's done at San Francisco —we won't have an organization for peace."

Dean Acheson, another Assistant Secretary of State, said that if the United States rejects the Bretton Woods agreements after taking the lead in preparing them, enthusiasm of other nations for the Dumbarton Oaks security agreement will be "chilled."

Newspaper Declared a Private Business— Publisher Free to Deal With Whom He Pleases

The right of a newspaper to edit or refuse advertising which it considers discriminatory has been upheld in the New York State Supreme Court by Justice Wm. H. Murray, according to Associated Press advices from Troy, N. Y., March 2 published in the New York "Sun," which reports the Court's conclusions as follows:

Dismissing an injunction suit in which Camp-of-the-Pines, Inc., sought to restrain the New York "Times" from refusing to accept advertising as submitted, Justice Murray held yesterday that the use of the words "selected clientele" was "an indirect means to hide discrimination."

Attorneys for the camp, on Lake Champlain, near Willsboro, said that the newspaper had refused to print the two words in an advertisement submitted in 1943.

"As a practical matter, such words as 'selected clientele' connote in the public mind that colored persons, Jews and others need not apply to plaintiff for accommodation," Justice Murray's opinion said. "The duty of the courts is ever to be watchful and alert against open, as well as covert and stealthy, attacks and encroachments against the social, as well as the political and economic, rights of persons."

He added that a publisher had a right to deal with whom he pleased, since a newspaper "is essentially a private business."

Send Economic Mission to Balkan Countries Stettinius Urged by Commerce & Ind. Ass'n

Secretary of State Edward R. Stettinius Jr. has been urged to send an economic mission to Rumania, Bulgaria, Yugoslavia, Greece, Hungary and Poland by Neal Dow Becker as President of the Commerce and Industry Association of New York, Inc., according to a letter released by the Association on March 20. Mr. Becker wrote that it is the belief of the Association that prompt action by the State Department would have an important bearing on future international commerce of the United States. In his letter Mr. Becker said:

"Accomplishments of the recent Special Economic Mission to French North Africa, the Middle East and Italy under the sponsorship of the State Department have been widely recognized in governmental and trade circles as illustrating the effectiveness of such a selected group in paving the way for improved commercial relations and for the reestablishment of private trade with those areas. The situation prevailing in the Balkan countries and adjacent areas closely parallels those in the Middle East.

"In connection with our future international commerce it is of interest to note that the value of American-owned property in the countries named above amounts to $555,000,000, according to Table C, pages 224 and 225, of the Report on Hearings before the Sub-Committee of the House Committee on Appropriations on the Treasury Department appropriation bill for 1943. In the main these figures represent the value of fixed assets, but as in most instances these are going concerns, their real values are much greater. Of even greater importance with respect to the need for an economic mission at this time, these figures represent a potentiality for two-way trade of tremendous value to this country."

18 Nations Sign Food Pact

Ratification by only two more nations is needed to put into operation the food and agriculture organization of the United Nations, L. B. Pearson, Canadian Ambassador, revealed on March 11, it is learned from Associated Press advices from Washington, in which it was also stated:

Mr. Pearson, who is Chairman of the United Nations Interim Commission on Food and Agriculture, which was formed at the Hot Springs, Va., International Food Conference in 1943 and authorized to draw up a constitution and tentative program for the new organization, said that 18 nations had officially agreed to accept the plan.

Twenty acceptances are needed to put the constitution into force.

Nations which have accepted are:

Australia, Belgium, China, Czechoslovakia, the Dominican Republic, Egypt, Guatemala, Haiti, Honduras, Iceland, India, Mexico, Netherlands, Nicaragua, Norway, Philippines, Poland and the United Kingdom.

Acceptance for Poland came from the Polish Government-in-exile in London, Mr. Pearson told a questioner. He added: "This occurred last October."

The plan has not yet been submitted to Congress for approval, although President Roosevelt indicated in his message of Feb. 2 on the Bretton Woods proposals that it soon will be.

All 44 nations participating in the Hot Springs conference a year and a half ago have been represented on Mr. Pearson's interim commission.

The proposed constitution provides for FAO to "become a part of any general world organization which may be established," Mr. Pearson declared.

Senator Tobey Questions Eccles Speculation Tax As Inflationary

The heavy tax suggested by Chairman Marriner S. Eccles, of the Federal Reserve System, on gains from war-time speculation was under fire in the Senate Banking Committee on March 7 by Senator Charles W. Tobey, Republican, of New Hampshire. Associated Press accounts from Washington March 7, reporting this added:

"With Mr. Eccles in the witness chair, Senator Tobey asked whether such a tax would not tend to increase inflation of stock prices.

"It seemed to him, the Senator said, that it would deter sellers and thus leave a smaller volume of stocks in the market on which buyers could bid.

"Mr. Eccles argued that it would not deter sellers who had held their stocks a long time but would deter buyers who wanted to make a quick turnover. He has proposed a tax of 90% on profits realized from sale of capital assets held for less than two years after a fixed date, perhaps Jan. 1, 1945. The tax would be reduced 10% for each year longer than two that the capital assets were held.

"The Federal Reserve Chairman told the Senators he had read in a magazine that one man had run an initial $2,000 up to $250,000 by trading in low-price stocks since 1942.

"He also read a letter from George H. Pannell, of Los Angeles, a real estate appraiser, who said houses he had sold in 1943 for $6,000 were now on the market for $12,000.

"Mr. Eccles was drawn into the tax discussion in the course of testimony on a bill to reduce the minimum required gold reserve of Federal Reserve banks to 25% of their deposits and notes in circulation. It is now 40% on notes and 35% on deposits.

Mr. Eccles' proposal for a tax on speculation gains was referred to in our issue of March 1, page 963.

Finland Declares War On Germany—Treasury Removes From Category of "Enemy Country"

Finland formally declared war on Germany on March 3, joining the list of former Axis satellites that have turned against the Reich, said United Press advices from London, which also had the following to say:

In a declaration dated March 1 and released at 11.30 p.m. today, the Government announced that Finland had been at war with Germany since Sept. 15, 1944, when German troops attacked the island of Hogland [Suursaari] in the Gulf of Finland. The declaration added that military operations against the Germans in northern Finland were continuing.

The Finns have actually been fighting the Germans since last Sept. 19, when Finland reached an armistice with Russia, but it had been almost entirely an effort to clear German troops from the country and there had been no formal declaration of war.

A notice issued by the Treasury Department (Foreign Funds Control) was issued as follows on March 8:

Revocation of Public Interpretation No. 16 under Executive Order No. 8389, as amended, Executive Order No. 9193, Sections 3(a) and 5(b) of the Trading With the Enemy Act, as amended by the First War Powers Act, 1941, relating to Foreign Funds Control.

Public Interpretation No. 16 is hereby revoked in view of the amendment to General Ruling No. 11, dated Feb. 16, 1945, deleting Finland from the category of "enemy territory."

IBA Members Differ on Paid Mgr. and D. C. Office

Members of the Investment Bankers Association are reported as differing in opinion over the policy of having a paid manager and moving the Association's office to Washington, D. C., it was disclosed in San Francisco on March 15, and a study of four confidential letters sent to members during the past two months indicates little chance of any early agreement, it was said in a special dispatch from San Francisco on March 15 to the New York "World-Telegram," from which we also take the following:

The faction now in control, headed by John Clifford Folger, Chairman of the Executive Committee, and Albert H. Gordon, Chairman of the Conference Committee, would move the Association's headquarters from Chicago to Washington and create a paid staff to represent the interests of the bankers in the capital.

The second faction, while willing to engage a "competent man to represent the Association in Washington," is opposed to a change in the headquarters address, objects to a paid staff to manage the IBA, and sees no reason for increasing annual operating costs from $95,000 to $155,000. This group is headed by former Presidents of the Association and includes Jean C. Witter, Trowbridge Gallaway, Frank M. Gordon, Edward B. Hall, Roy C. Osgood, John A. Prescott and Allan M. Pope.

The Folger faction, with the establishment of a Washington headquarters, would get a policy patterned after that of trade associations and would maintain a staff to keep in close contact with all Government departments, new legislation, work in close cooperation with U. S. Chamber of Commerce and similar organizations, and issue supplemental bulletins to keep members posted on information of current importance to business.

Jan. Mtge. Financing

The expanding volume of mortgage financing last year showed evidence of continuing in 1945, with a January total estimated at $355,000,000, the Federal Home Loan Bank Administration reported on March 10. This is 17% more than mortgage recordings for the same month in 1944. The FHLB Administration adds:

The January volume for savings and loan associations, insurance companies and mutual savings banks was seasonally less than for December. Other groups of lenders reported increases for the month of up to 4%.

A recent rising trend in the proportion of mortgage activity by individual lenders continued into January, when their participation in all non-farm mortgage recordings climbed to the record ration of 28%. Recordings by savings and loan associations for the month, reaching $111,480,000, were the highest January total for that group of lending institutions since this statistical record was established in 1939.

These estimates are based on compilations of mortgage recordings of $20,000 or less. The number and amount of such mortgages recorded in January, by type of lender, are as follows:

	Number	Amount	Per Cent
Savings and loan associations	34,007	$111,480,000	31%
Insurance companies	3,473	17,882,000	3
Banks and trust companies	17,829	65,109,000	18
Mutual savings banks	2,930	12,500,000	4
Individuals	35,669	99,200,000	28
Others	11,936	48,407,000	14
Total	105,894	$354,578,000	100%

Jan. War Bond Sales Of Home Loan System

During January, member thrift institutions of the Federal Home Loan Bank System accounted for a total of $78,000,000 in sales of war bonds and purchases of Government securities for their own investment, James Twohy, Governor of the System, announced on March 10. This consisted of $31,000,000 in sales to the public and $47,000,000 in member institutions' purchases of government bonds, he reported. "The $78,000,000 total of war financing by these institutions in January — the month following the Sixth War Loan—is almost three times the $27,000,000 reached in August, the month following the Fifth War Loan", said Mr. Twohy. As an indication that savings and loan associations and other member institutions of the System are not relaxing in their efforts between war loan drives, these comparative figures are highly pleasing, he said, to savings and home financing institutions throughout the country which have placed their "thrift education" facilities at the service of the U. S. Treasury since 1941.

Homer Hilton Resumes Activities With Argus

Homer Hilton, Sales Manager of Argus, Incorporated, has resigned as Director of the General Products Division of the Office of Surplus Property, U. S. Treasury, after serving for a period of eight months, during which time he has organized policies and distribution channels for surplus war stocks. Mr. Hilton's services were loaned to the Treasury Department by Argus last July when he was first named a dollar-a-year-man and Consultant to the Treasury Department in the disposal of photographic equipment and later as Director of the General Products Division. At the request of the Assistant Secretary of the Treasury, Mr. Hilton will continue to serve the Treasury Department in the capacity of Consultant, says "Argus" which states:

"Having established policies and procedure for disposing of surplus war goods, it will now be possible for Mr. Hilton to assist with this important work for the Treasury Department, and to devote more time to the problems that face Argus, who are operating 100% on war production at this time.

The State of Trade

(Continued from page 1291)

distillate fuel oil placed at 4,887,000 barrels and residual fuel oil at 9,752,000 barrels during the week ended March 10, 1945. Storage supplies at the week-end totaled 52,290,000 barrels of civilian grade gasoline, 44,586,000 barrels of military and other gasoline; 6,976,000 barrels of kerosene; 27,001,000 barrels of distillate fuel oil, and 44,150,000 barrels of residual fuel oil.

Lumber Shipments—The National Lumber Manufacturers Association reports that lumber shipments of 473 reporting mills were 6.9% above production for the week ended March 10, 1945, while new orders for these mills were 4.5% more than production. Unfilled order files amounted to 102% of stocks.

For the year to date, shipments of reporting identical mills exceeded production by 8.8% and orders ran 14.0% above output.

Compared to the average corresponding week of 1935-39, production of reporting mills was 29.7% greater, shipments 29.2% greater, and orders 23.0% greater.

Paper Production—Paper production at present is greater than it was in 1942, notwithstanding the fact that the mills are operating with 10% fewer employees than heretofore. Output for the week ended March 10, 1945, was 87.7% of capacity, as against 87.8% of capacity for the preceding week, the American Paper and Pulp Association's index of mill activity disclosed. As for paperboard, production for the same period was reported at 94% of capacity, against 96% in the preceding week.

Silver—The London market was quiet and unchanged at 25½d. per fine ounce for silver. The New York Official for foreign silver continued at 44¾c. and 70⅝c. for domestic silver.

Commodity Price Index—The general commodity price level turned slightly downward the past week. The index closed at 176.46 on March 13, the daily wholesale commodity price index compiled by Dun & Bradstreet revealed, comparing with 176.49 a week previous and with 172.64 on March 14, 1944.

Trading in grain futures on the Chicago Board of Trade increased to almost 165,000,000 bushels. This was the heaviest volume for some time and represented a daily average of 27,500,000 bushels, against 16,500,000 for the preceding week and 8,000,000 a year ago. Cash markets generally held strong throughout the period, but future prices were erratic and were marked by extremely nervous fluctuations. Wheat dropped sharply on news of the Rhine crossing by American troops, but recovered toward the close on active buying, spurred by the scarcity of box cars.

Hog ceilings were firmly maintained as market receipts dropped to near-record lows, and choice steers and lambs closed strong to higher.

Cotton prices showed little net change, although movements during the week were highly irregular. After a strong start values declined on the favorable war news from Europe and the continued uncertainty regarding farm legislation, but aggressive mill buying plus a good foreign demand resulted in a strong finish. Belgium was reported to be in the open market for additional large quantities of cotton.

The Boston wool market reported some sales of domestic grease wools, but on the whole inquiries were limited and total volume was small. Bidding for scoured woolen wools was active and medium scoured woolen wools was active and medium scoured pulled wools remained in demand for Army socks and blankets.

Foreign wools continued in brisk demand, but sales were slower as most dealers have already sold all wools on which nearby deliveries could be assured. The 1944 production of domestic wool, as estimated by the Bureau of Agricultural Economics, was 418,094,000 pounds, grease basis, of which 347,094,000 pounds was shorn wool and 71,000,000 pounds were pulled wool.

Wholesale Food Price Index—Continued firmness characterized the Dun & Bradstreet index, which continued unchanged at $4.10 for the fourth successive week. This compared with $4.03 for the comparative date a year ago, or a rise of 1.7%. Individual price changes for the week showed advances for steers, sheep and lambs, with declines in rye, oats and potatoes.

The index represents the sum total of the price per pound of 31 foods in general use.

Retail and Wholesale Trade—Retail volume registered further increases during the past week. The outstanding feature was the heavy buying of yard goods and women's apparel, although other commodities such as costume jewelry, accessory lines, and food contributed to the heavy turnover. In other lines distribution was spotty and transactions were limited by scarcity of merchandise. Retail inventories were described as far from satisfactory, Dun & Bradstreet reports, the type of merchandise usually sought is not available and total volume has been affected.

Sportswear sales were excellent in women's apparel departments. Dressmaker suits, short top coats, and matching wool skirts and jackets were leading items. Blouse sales were described as tremendous. Hosiery volume has continued heavy and stocks are reduced as replacements are scarce. Interest in women's hats mounted during the week. Men's apparel moved more rapidly the past week, although inventories were somewhat lower than a year ago. Volume exceeds 1944 by about 20%.

Furniture sales have been retarded by comparatively low inventories and decreased quality. Housefurnishing volume was holding about even with a year ago.

Food distribution remained unchanged this week. Volume was firm and compared well with a year ago. Some food products, especially meats and poultry, are still short of requirements. Food inventories were described as holding even with previous weeks but down slightly from a year ago.

Retail dollar volume for the country was estimated from 15% to 18% over last year. Regional percentage increases were: New England and the East, 15 to 20; Middle West, 20 to 24; Northwest, 10 to 14; South and Southwest, 14 to 18; Pacific Coast, 11 to 15.

Wholesale trading was heavier this week as buyers from all parts of the country were at markets to fill in stocks depleted by the very heavy consumer buying of the past two months. Available merchandise in most lines remains inadequate to cover orders which are partly filled on a quota basis. Numerous inquiries concerned previously ordered goods scheduled for delivery prior to Easter.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, were 28% ahead of a year ago for the week ended March 10, 1945. This compared with 19% in the preceding week. For the four weeks ended March 10, 1945, sales increased 23%, and for the year to date 17%.

Retail trade here in New York the past week, stimulated by unusually mild weather, was featured by an exceptionally strong demand for spring apparel and accessories. The wholesale markets attracted many buyers seeking to obtain pre-Easter deliveries of apparel. The supply situation with regard to many staple goods, it was reported, continued extremely tight, with no evidence of early relief.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to March 10, 1945, increased 29% over the some period of last year. This compared with an increase of 23% in the preceding week. For the four weeks ended March 10, 1945, sales rose by 23% and for the year to date by 15%.

Yalta Charter Reported Invoked By U. S. In Recent Developments In Rumania

In an effort to prevent Rumania from falling completely into the hands of a Communist minority, the United States on March 15 invoked the Crimean charter. This is learned from an Associated Press dispatch from Washington on March 15 published in the New York "Herald Tribune" which went on to say:

Under apparent Russian pressure, the Rumanian government of Premier Nicolai Radescu was overthrown on the last day of February and succeeded March 6 by the administration of Premier Petru Groza, of the Communist-controlled National Democratic front.

The United States action was disclosed in an official but incomplete announcement from a State Department spokesman:

"The American representatives in Rumania have, of course, kept the Department informed of recent developments in that country. We think that some aspects of the political situation require consultation among the three principal Allies, and we are discussing this situation with the British and Soviet governments."

The statement was issued in response to inquiries. Elsewhere it was learned that the call for consultation is based on the agreements to protect the political integrity of liberated and former Axis-satellite countries which President Roosevelt, Premier Stalin and Prime Minister Churchill made at the Crimean Conference little more than a month ago. That agreement provides for joint action whenever the Allies find it necessary to inject themselves into a country's politics.

It was considered entirely possible that as a result of the discussions the Big Three might decide to create a joint commission to deal with Rumanian affairs.

The first application of the Crimean principles was made to Poland, under comparable circumstances, when the Big Three leaders agreed that they would jointly seek to broaden the Soviet-sponsored Warsaw provisional government.

The United States has two principal officials in Rumania, Burton Y. Berry, with the rank of Minister, is the top American diplomatic representative, although not formally accredited to King Mihai. The American member of the Allied Control Commission, which is responsible for enforcement of armistice terms on the former Axis-satellite country, is Brigadier General Courtland Van Rensselaer Schuyler.

At the moment American diplomatic officials are by no means certain that the Yalta agreement will come through unscathed. On the other hand, none here really expects it to break down. The expectation is that some sort of acceptable, if not generally satisfactory, agreement can be reached.

The British Foreign Minister, Anthony Eden, publicly told the House of Commons this week what had been commonly talked of in secret by Allied diplomats for many days—that it was the Moscow Government, acting without consultation with the United States and Britain, which ousted the Radescu administration and helped set up the present regime.

Events in Rumania

Here is what happened in Rumania:

The Crimea Conference ended Feb. 11.

About that time there was increasing criticism in the Soviet press of the Radescu administration. It was blamed for failing to eliminate Nazi-Fascist elements and for inability to maintain order. Those criticisms were generally rejected here. Washington considered the Radescu Government bungling but about the best that could be done in the circumstances.

On Feb. 27, the Russian Vice-Commissar of Foreign Affairs, Vishinsky, arrived in Bucharest. He had an immediate audience with King Mihai.

On Feb. 28 Radescu was dismissed. An aristocrat, Prince Stirbey, was asked to form a government but after a brief try, gave up.

On March 6, Groza succeeded in forming a government.

The leaders of the two largest parties, Iuliu Maniu, National Peasant Party, and Dinu Bratianu, National Liberal Party, refused to join the Groza administration on the ground that they would not submit to minority control.

The transfer of Transylvania to the Groza regime in Rumania by the Soviet Government was reported as endorsed on March 12 by Edward R. Stettinius, Jr., Secretary of State in special advices March 12 from Washington the New York "Times," which also had the following to say:

He declared, however, that the settlement would be subject to confirmation at the final peace settlement.

Asked if this action could be reconciled with the United States Government's frequently announced policy of deferring territorial settlements until after peace had been made, Secretary Stettinius said that the transfer was provided in the armistice terms with Rumania last September.

The turning over to Rumanian authorities of administration in this area, the Secretary said, was the natural implementation of Article XIX of the armistice, whereby it was provided that Transylvania or the greater part thereof should be returned to Rumania subject to confirmation at the peace settlement.

Under the armistice Rumania was obliged to return to her frontiers of 1940 and was to be compensated by the acquisition of Transylvania, which was handed to Hungary in the Vienna award under German auspices. The armistice pronounced the Vienna award non-existent and provided that Soviet troops would take part with Rumanian forces in military operations against Germany and Hungary.

Lubin To Represent U. S.

The appointment of Dr. Isador Lubin as United States representative on a three-power reparations commission to be established in Moscow was announced on March 12 by Secretary of State Stettinius. The Associated Press, reporting this from Washington, said:

"The Commission, composed of representatives of the Soviet Union and Britain as well as the United States, will determine the amount and kind of reparations to be exacted from Germany for devastation wrought by the Whermacht.

From Washington Ahead of The News

(Continued from first page)

good in selling it, that is what was responsible for this Global War, as distinguished from only a World War we had before. It would seem to be an unchallengable fact that Woodrow Wilson could not sell his proposition for the uplifting of all mankind to the American people. Had he been able to do so, the Senate would undoubtedly have gone along with him. No man, or no group of men in the Senate, regardless of how influential can stop something which the country really wants. To contend to the contrary is nonsense.

This Administration, feeling fairly confident of what it can do in the House and not so certain of how far it can hold the members of the Senate, has been seeking a by-pass of the traditional procedure. In view of the way in which we have seen directives issued, directives which had no authority in law, the question naturally arises as to whether this by-passing should not be watched very closely.

On the question of international arrangements, by whatever name, the Senate seems to be inclined to do just that. It so happened, not that it is likely to have any influence on the lives of people, anywhere, that the Senate is prepared to ratify a league or a commission or something "which will insure the peace of the future." That is looked upon as progress on the part of an enlightened people. Roosevelt, even with the prevailing Senate attitude, is nervous about what might be the situation when VE day comes. He is a student of history and he realizes the terrible wave of isolationism, so-called, that swept over the country when the boys returned from the last "Global" war. But he seems to be able to do nothing about that. The Senate today, having got quite broad-minded, is with him.

But what is probably more vital is the "agreements" that he is now sending up to Congress, which he will not admit are treaties, and which he wants to get through by a majority vote of both houses. He has not put the Senate in a good mood by doing this and thereby may lay the pitfall of his grandiose plans.

There is grumbling in the Senate already about his aviation agreement negotiated at Chicago, which he insists is an agreement and which the Senators are insisting is a treaty. They have talked about this with Secretary of State Stettinius and they have gotten a very short answer from Under Secretary of the Treasury Grew. They have taken the attitude that they are good fellows and want to cooperate and there is no reason why things should not be done in the old traditional way. In turn, they have been asked what they did to the international oil pact which the Senate Foreign Relations Committee ditched, and which for the life of us, we don't see why it should not have ditched.

Anway, it is in this atmosphere that the Bretton Woods agreements approach Congress. There seems not the slightest doubt that the bill embodying both of them will pass the House. The House, ordinarily, is quite easy on things like this, first because it is held under a whiplash, has no opportunity under the rules to debate and make its position clear, no opportunity to develop defects.

But when the bill comes into the Senate it is going to run into, regardless of its merits, the feeling of Senators who might even feel favorably inclined to it, but who are nevertheless resentful of their being by-passed. It is such a shame that the Congress is not a judicial body, and also one that neither is the Administration.

President Sends Aviation Pact to Senate—Justice Dept. Opposed to Single U. S. Air Line

On March 12, President Roosevelt sent to the Senate for ratification, a copy of the Convention on International Civil Aviation, concluded at the International Civil Aviation Conference in Chicago on Dec. 7 last. The convention was sent to the Foreign Relations Committee on March 12, Associated Press advices from Washington on that day stating:

Senator White of Maine, the Republican leader, said he may ask the committee to act Wednesday [March 14] on his motion requesting the State Department to halt its attempt to put into effect interim agreements signed, along with the treaty, at a world aviation conference in Chicago last year.

Led by Senator Brewster (Rep., Me.), a conference delegate, Republicans have contended that the temporary agreements are in fact treaties and could not be put into effect by executive action alone.

Mr. Brewster said he was opposed to some of the policies in the temporary agreements. He contended that if they are put into effect, 54 nations would be entitled to fly planes into this country, discharge and pick up passengers, without having to obtain certificates of necessity and convenience from the Civil Aeronautics Board.

On March 14 the Senate Foreign Relations Committee named a sub-committee to start hearings on the International Aviation Treaty. An Associated Press account from Washington, March 14 in the New York "Journal of Commerce," also had the following to say in the matter:

And the Senate Commerce Committee acceded, in a closed session, to the demands of Senator McCarran (Dem., Nev.) that he be heard on his bill which would set up a single United States aviation company to carry all overseas traffic. Mr. McCarran will be heard on Monday and will present further witnesses on Thursday.

Both hearings will bring up controversies which have been simmering here for a year.

The aviation treaty names, among other purposes of the international aviation organization, the prevention of "economic waste caused by unreasonable competition." American aviation men fear the phrase skirts very close to the cartelized form of European business which parcels out markets to business enterprises, and then limits them to those fields.

Mr. McCarran's proposal for a single overseas company has the emphatic opposition of 15 independent aviation companies. And both the State and Commerce departments have declared against the idea in preference for open competition both among American companies, and between American and foreign companies.

The hearings will follow close on the heels of the British Government's announcement, made yesterday, that it proposes to permit three British companies to handle all overseas traffic, rigidly dividing the field among them.

The subcommittee which will hold open hearings on the international treaty will include Senator George (Dem., Ga.), Chairman, and Senators Thomas (Dem., Utah), Pepper (Dem., Fla.), La Follette (Prog., Wis.) and White (Rep., Me.).

Senator White, in taking the Committee assignment, announced he would abandon his intention of pressing for a committee resolution demanding that the State Department hold up approval of the temporary agreement on international aviation, reached at Chicago. Mr. White told reporters he had detemined he didn't have enough votes to carry the resolution.

Senator Connally (Dem., Tex.), Chairman of the Foreign Relations Committee, requested the subcommittee to "proceed as rapidly as possible," saying there was a possibility the hearings could be completed before the United Nations Conference opens in San Francisco on April 25.

The President's request addressed to the Senate for ratification of the convention on international civil aviation read as follows:

"To the Senate of the United States:

"With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith a certified copy of a convention on international civil aviation, concluded at the International Civil Aviation Conference on December 7, 1944, and signed in the English language by the respective plenipotentiaries of the Governments of the United States of America, the Philippine Commonwealth and certain other countries as explained more fully in the report by the Acting Secretary of State, which report I transmit herewith for the information of the Senate.

"FRANKLIN D. ROOSEVELT.
"The White House,
"March 12, 1945."

From Washington March 12 the Associated Press observed:

Ratification of the convention would make this country a member of an international civil aviation organization the functions of which are primarily ministerial and advisory but which can be used to arbitrate disputes and enforce them by suspending a non-conforming State. Twenty-six nations must ratify the treaty before it becomes effective.

This country already has accepted as executive agreements the provisions of the Chicago conference calling for a temporary world body and for a mutual exchange of certain air carrier privileges set out in the convention's so-called "freedoms" documents.

The "freedoms" documents already accepted call for a mutual exchange of the rights of aircraft transit and operational stop, and for carrying passengers to and from the homeland and between intermediate points.

Opposition to a single-company operation of American international air transportation has been registered by the Department of Justice, which has also voiced opposition to surface carriers, such as steamship companies, owning or controlling international airline companies.

Under date of March 5 the Associated Press (Washington) indicating this said:

A 105-page report by Attorney General Biddle on what the Justice Department believes should be America's international air transportation policy recommended:

1—That this country adopt a policy of controlled competition.

2—That it seek an understanding with other countries to define and limit the amount of governmental financial assistance to be given international airlines.

3—That an international organization be formed to analyze information on air carrier operations, laws, regulations, traffic and safety rules, and to serve as a medium for solving world air line problems.

4—That economic and legal conditions be of a nature to encourage continued private operation of America's international air carriers. The Department added, however, that government operation of an international airline might be advisable when absence of profit opportunities made private-company operation impossible.

The report is the first of a number of Justice Department surveys to be submitted to Congress.

Senate Passes Manpower Bill Differing Widely From House Measure

A manpower control bill, differing radically from that passed by the House on Feb. 1, was passed by the Senate on March 8 by a vote of 63 to 16; 39 Democrats, 23 Republicans and a Progressive voted for the measure, while 7 Democrats and 9 Republicans were aligned against it.

Two items regarding the bill as accepted by the House, its adoption and the summary of its provisions, appeared in our issue of Feb. 15, page 749.

In Associated Press advices from Washington on March 8 it was stated that the House is expected to refuse to take the Senate substitute, sending the legislation to conference with instructions to hold out for the work-or-jail bill the Representatives approved. The Associated Press March 8 also said:

The theories of the Senate and House bill are almost squarely opposed. The House voted to empower local draft boards to order men from 18 to 45 to take war jobs, or stay on their present jobs if necessary to the war effort. Men who refused to do so would be subject to draft-dodging penalties—up to five years' imprisonment or $10,000 fine.

The core of the Senate bill is a provision authorizing the WMC Chairman to set employment ceilings and to forbid hiring of new workers.

While there is no direct penalty on employes, it has been pointed out that men and women forced out of work by such a ceiling might not be able to get other jobs.

Under each bill, persons taking war work assignments at Government request away from their home locality would be compensated for their travel and would have reemployment rights to their jobs when their war plant service was ended.

From the same advices we likewise quote:

Shortly before the final vote, the Senate reversed a decision taken Tuesday [March 6] and wrote back into the bill a penalty of a year in jail or $10,000 fine for employers convicted of violating employment ceilings which the War Manpower Commission Chairman would be authorized to establish for any and every place of business in the nation.

The vote in favor of the penalty today [March 8] was 40 to 36. Tuesday a similar clause was knocked out, 44 to 35. A significant and contributing factor in the reversal was a heavy switch of Republican votes. Twenty-three Republicans voted Tuesday to remove the penalty; only nine were recorded today against putting it back in.

The Senate also adopted an amendment by Senator Wayne Morse (R.-Ore), a former member of the War Labor Board, which would give the Director of War Mobilization (James F. Byrnes) authority to set up tribunals for appeal of challenged regulations. The bill had provided that the WMC Chairman (Paul V. McNutt) could set up the appeal boards.

Mr. Morse argued that it would be unfair to let "the very man whose regulations may be challenged by a citizen have power to set up a tribunal to determine if the regulation was unjust."

Senator Alben W. Barkley of Kentucky, Democratic leader, conferred with President Roosevelt just before today's session, and came back bearing word that the Administration wants the best manpower control bill it can get, as soon as possible.

Senator Richard B. Russell (D-Ga) said he didn't think very highly of the Senate bill, characterizing it as "no more effective than a resolution passed by the ladies' sewing circle of Squeedunk." The Georgian pleaded for rejection of the bill and passage of a work-or-jail measure approved by the House Feb. 1.

Senator W. Lee O'Daniel of Texas offered a couple of amendments he said would improve the bill a lot. One would have have banned the closed shop, the other forbidden premium pay for overtime work. His colleagues shouted them down.

OPA Freezes Retail Markups as of Mar. 19

A new retail pricing order, which will replace the general maximum price regulation in determining ceilings for clothing, textiles, furniture and home furnishings, was announced on March 19 by the Office of Price Administration, it was stated in a special dispatch from the Washington bureau of the New York "Herald Tribune," which added:

The order freezes retail markups as of March 19 for 300,000 retail stores.

One of the most important purposes of the order is to force retailers to pass on to consumers their savings under the low-cost clothing program sponsored jointly by the OPA and War Production Board. This will be accomplished by making retailers tie their ceiling prices directly to invoice costs.

Other major features of the plan, which Chester Bowles, OPA Administrator, hailed as "one of the most important events in retail price control" since the general maximum price regulation was issued in May, 1942, include:

1. Although it will not automatically cut present price levels or recapture price increases, the order will reduce some prices by freezing markups and compelling retailers to pass on any reductions in their own costs. Such lower prices will be felt by apparel shoppers as soon as the low-cost clothing program becomes effective at the manufacturing level.

2. The order will fix a single day, March 19, 1945, as the baseday for prices of goods covered instead of the base period of one month provided under GMPR.

3. Retailers will have to prepare and file with OPA pricing charts showing both their retail prices and costs. Prices will be those for which goods were offered for sale today rather than actually sold.

The order covers virtually all clothing, textiles and home furnishings, including such items as shoes, hats, gloves, handbags, yard goods, sheets, towels, curtains, floor coverings, lamps, bedding and furniture. The OPA has been studying and discussing with the trade for more than a year the changes involved.

Mr. Bowles declared that the new order, by substituting more precise pricing methods for the looser controls under GMPR and other previous regulations, would benefit retailers and consumers alike.

The order exempts only very small retailers having an annual dollar volume of less than $2,500. These merchants may continue present pricing methods.

Every retailer covered by the order is required to prepare a pricing chart listing the net invoice costs and retail prices for all merchandise he offered for sale today. Costs and prices must be listed separately for each category of goods.

For different articles having the same cost but more than one price, the retailer must calculate his average markup in the category. He then adds this markup to the cost and selects the actual price nearest the price thus calculated. This becomes the maximum price for the line.

Two copies of the pricing chart must be filed with OPA by April 20. After April 30 the retailer is required to list his selling price on the invoice received from his supplier. The price is determined by adding the markup taken on March 19 to the cost. The OPA will accept this as the maximum price.

The new regulation replaces four orders in addition to GMPR. The others are maximum price regulations 142, 177, 210 and 332, dealing, respectively, with summer seasonal commodities, men's and boys' tailored clothing, fall and winter seasonal commodities, and men's and boys' shirts and pajamas.

The categories established in the order are men's and boys' apparel, women's and girls' apparel, infants' apparel, masculine and feminine apparel (costumes, athletic clothing, etc.), footwear, household textiles, yard goods, household furniture, bedding, floor coverings, lamps and shades.

A few items such as work clothing, boys' wash clothing, women's knitted outerwear and women's hosiery remain subject to special pricing procedures now in effect.

Results of Treasury Bill Offering

The Secretary of the Treasury announced on March 19 that the tenders of $1,300,000,000 or thereabouts of 91-day Treasury bills to be dated March 22 and to mature June 21, 1945, which were offered on March 16, were opened at the Federal Reserve Banks on March 19.

The details of this issue are as follows:

Total applied for $2,075,162,000. Total accepted $1,302,532,000 (includes $68,580,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.908, equivalent rate of discount approximately 0.364% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(56% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on March 22 in the amount of $1,217,168,000.

Roosevelt Receives New Belgian Ambassador

Letters of credence were accepted by President Roosevelt on March 8 from the new Belgian Ambassador to the United States, Baron Robert Silvercruys, former Ambassador to Canada. In addressing the new envoy the President said:

"I know how sorely depleted are the resources of Belgium, which she has so unselfishly pledged to the continuation of the struggle against our common enemy. Allow me to assure you that every effort consistent with the military situation is being and will continue to be made to facilitate delivery of the supplies so vitally needed for the Belgian people."

The Ambassador evinced his country's gratitude for the part taken by "the gallant American Army" in its deliverance.

Vandenberg Would Amend Dumbarton Agreements to Provide for Wartime Decisions Review

Proposals to amend the Dumbarton Oaks agreements to provide, among other things, for review of wartime political decisions threatening future peace were filed on March 18 with the State Department at Washington by Senator Vandenberg of Michigan, one of the Republican members of the United States delegation to the United Nations Security Conference which will open at San Francisco on April 25. Senator Vandenberg declined to discuss the proposed amendments, but he declared on March 18, according to the Associated Press, that the San Francisco conference faces "the tremendous responsibility" of deciding if the projected international organization will be limited in its operations to enforcement of peace-table decisions without change. The Senator was further indicated in the Washington Associated Press accounts as saying:

"Peace-making and peace-keeping are two totally different functions. The San Francisco conference will deal only with peace-keeping. It must be followed by another conference which does the actual peace-making.

"But there is this collateral relationship. The San Francisco conference will have the tremendous responsibility of deciding whether peace-keeping is to be confined to the status quo which the peace-makers dictate or whether the new peace league shall have jurisdiction broad enough to explore and recommend correction of errors and injustices in the peace itself which could again threaten ultimate war."

The Associated Press added:

Senator Vandenberg said he expects the proposals which he has filed with the State Department to be laid before the American delegation in advance of the international meeting.

It is his understanding that the delegation will decide whether they and any amendments proposed by others of the American group are to be laid formally before the United Nations delegates. There is no provision, he added, for individual action in the conference if the Americans as a unit decide against submitting any proposal.

Supporters have contended the Dumbarton Oaks agreements leave the way open for the proposed league to review such political decisions as European boundary definitions if they threaten to provoke aggression.

But it is Senator Vandenberg's position that, under the tentative agreements reached here last summer, the organization could not act until some specific threat of aggression is cited to it. He fears that even if it becomes obvious a year or two afterward that some decision of the peace-makers is going to cause conflict a decade later, the Security League may find itself unable to start its review machinery in time to prevent another war.

It is understood Senator Vandenberg hopes to clothe the proposed League, as he said when he accepted appointment as a delegate, with "a constant, conscious mandate to seek and to maintain 'justice' as the basis of peace."

He pointed out then that the Dumbarton Oaks formula, except for its brief world-court chapter, "does not once mention 'justice' as a guiding objective or a rule of conduct."

Tom Connally (Dem.Texas), Chairman of the Senate Foreign Relations Committee, another of the eight American delegates, said he expected the group to meet again within a week or two. Thus far, in meetings with Secretary of State Edward R. Stettinius, Jr., and President Roosevelt, the delegates have discussed largely the mechanics of conference operations, leaving until later the real work of trying to get together on an American program.

Extend Lend-Lease for Another Year—Program Barred for Post-War Period

The bill extending the Lend-Lease Act for another year after the present date (June 30) of its expiration was passed by the House on March 13 by a vote of 354 to 28. The House Foreign Affairs Committee on March 6, in approving the bill almost unanimously, moved apparently, said the Associated Press, to offset Republican fears that the program might become a vehicle of post-war reconstruction in Europe. The committee's report said: 'When the war has been won, lend-lease should end and be liquidated as promptly and efficiently as possible."

The Associated Press said further:

The statement was attached to Committee approved legislation extending lend-lease one year beyond its present June 30 expiration date and validating contracts made under the act until June 30, 1949.

Although the Committee beat Republican attempts to shorten the contract period and to write in a specific declaration that lend-lease is a war weapon only, it approved this report to accompany the bill on its journey through Congress:

"Post-war reconstruction and rehabilitation problems abroad, with which the lend-lease act does not deal, require separate consideration by the Congress."

On March 5, Leo T. Crowley, head of the Foreign Economic Administration, emphasized to a Congressional committee that lend lease "will not be used for the purpose of post-war rehabilitation and reconstruction." Mr. Crowley, who handles the lend lease program, testified before the House Foreign Affairs Committee as it reopened hearings on the lend-lease legislation. The post-war reconstruction problem abroad, Mr. Crowley said, "is a separate subject for the consideration of the Congress." It is stated that he was called to testify specifically regarding the lend-lease agreement with France. This agreement was referred to in our March 8 issue, page 1075.

In its account from Washington on March 13 relative to the passage of the bill by the House, the New York "Journal of Commerce" said in part:

Only a handful of members spoke against the bill and most of them struck at Administration spending policies in general, rather than at the lend-lease program in particular.

Representative Rich offered an amendment which would have required the President to obtain Congressional approval for lend-lease settlement, but it was voted down.

The bill as it passed the House represented compromise to erase Republican-expressed fears that the Administration would ease lend lease into the post-war era, using it to make agreements for relief and reconstruction in liberated areas.

The Administration agreed to an amendment which says the act does not "authorize the President to enter into or carry out any contract or agreement with a foreign Government for post-war relief, post-war rehabilitation or post-war reconstruction" except for items specifically intended for defense or combat.

Post-War Industrial Plan for China

The preparation of a $1,000,000,000 post-war industrialization plan for China has been completed by officials of the Foreign Economic Administration, it was stated in Associated Press accounts from Washington on March 10, which said that the 5-year program is in the hands of the Chinese Government after more than a year's work by 40 FEA engineers and technicians who have been aided by engineers and manufacturers. From Washington the Associated Press further reported:

FEA officials said the plan was developed with the objective of "making the tools of industry with which China can mold her own future."

They emphasized that "it is not our official program for China. They asked us to help them work out a guide to the industrialization of China. And this is the result of our efforts."

The program calls for the construction of 953 industrial plants. Recommendations for an internal transportation system would involve the expenditure of an additional $1,000,000,000.

The plan covers mining and metallurgy; chemicals and basic processing; the production, manufacture, transportation, processing and distribution of food; river control and irrigation and construction methods; industrial training and industrial hygiene; industrial research and the establishment of libraries of technical books.

Estimates are that the plan will provide employment for 700,000 Chinese. The plan is designed strictly for the post-war period, in contrast with the project to increase China's war production proposed by Donald M. Nelson.

No recommendations are made for financing the plan.

"That's entirely up to the Chinese Government," FEA officials said.

Recommend Nat'l Ass'n Of Wholesalers

Formation of a National Association of Wholesalers, similar in scope to the National Association of Manufacturers, was recommended to the Council of Wholesalers, representing 23 wholesale associations, at a meeting on March 7 at the Hotel Pennsylvania in New York. The associations involved represent an annual sales volume of more than 90 billion dollars, according to Dr. E. L. Newcomb, Executive Vice President of the National Wholesale Druggists' Association, who presided.

The plan for setting up a national organization in addition to the present informal Council of National Wholesale Associations was put forward by B. W. Ruark, of Chicago, executive manager of the Motor and Equipment Wholesale Association. The meeting also recommended that the member organizations develop plans for research projects on distribution and consider setting up fellowships in research at leading universities.

New officers elected by the Council were: Chairman, Henry Matter, Wholesale Dry Goods Institute; Vice Chairman, Joseph Kolodny, National Association of Tobacco Distributors; Secretary, Guy Henry, Optical Wholesalers National Association; Treasurer, M. L. Toulme, National-American Wholesale Grocers Association.

Davis Succeeds Vinson as Director of Economic Stabilization—Taylor Becomes WLB Chairman

The appointment of William H. Davis as Director of Economic Stabilization, was announced by President Roosevelt on March 7. Mr. Davis, Chairman of the War Labor Board, was named to the new post to succeed Fred M. Vinson who has become Federal Loan Administrator succeeding Jesse H. Jones. Mr. Vinson's appointment to that post by President Roosevelt on March 5 was reported in our issue of March 8, page 1083, wherein it was indicated that Mr. Vinson's nomination was confirmed by the Senate on March 6. The President has designated Dr. George W. Taylor, Vice-Chairman of the WLB as successor to Mr. Davis as Chairman. Regarding the appointment the Associated Press accounts from Washington on March 7 said:

The President thus cleared the way for an early settlement of the dispute over "fringe" wage adjustments, a dispute which had locked Messrs. Vinson and Davis in a tight policy snarl.

Both Mr. Davis and Mr. Taylor had submitted their resignations last fall but were persuaded by Mr. Roosevelt to remain with the WLB through the war emergency.

Mr. Davis, who was 65 years old last August, pleaded that he wanted a rest, and Mr. Taylor urged the President to release him so he could return to the University of Pennsylvania where he is on leave as Professor of Industry.

"I think perhaps it is jumping out of the frying pan into the fire," Mr. Davis said today when informed of his new job. "All I can say is that I will do the best I can."

The choice of Mr. Taylor as WLB Chairman evoked no immediate comment from Philip Murray or William Green, Presidents, respectively, of the C. I. O. and the A. F. of L. Mr. Murray at last November's convention of the C. I. O. demanded that Mr. Taylor resign from the Board in a bitter attack on what he called "the machinations" of the then vice-chairman.

Mr. Murray did not make it clear what he meant by "machinations," but Mr. Taylor, as the Board's expert on wages, had insisted on adherence to the formula which he wrote in the "Little Steel" decision of July, 1942.

From the Associated Press we also quote:

Mr. Vinson ruled that there could be no so-called fringe increases if they necessitated any price increase. The WLB, particularly Mr. Davis, contended that it could issue directives for fringe increases and that Mr. Vinson then could approve them even if price increases were necessary.

Mr. Davis as Economic Stabilization Director will be the overall, co-ordinating official charged with supervision of the Office of Price Administration, the War Food Administration, the WLB and other agencies concerned with maintaining a stable economy. He will be responsible directly to War Mobilization Director James F. Byrnes.

It is reported that Senate confirmation of the appointments of Messrs. Davis and Taylor was not required.

Full Employment Is Essential for Healthy Society, McNutt Declares

Paul V. McNutt, Chairman of the Manpower Commission, speaking at a dinner on March 8 of the United Jewish Appeal of Greater New York, maintained that "full employment is the difference between a healthy society and an ailing society open to the virus of a new fascism and a new war."

He was thus quoted in the New York "Times" of March 9, which indicated his further remarks as follows:

Mr. McNutt declared that all Americans must be protected against unemployment as Americans today are protected against robbery, fire and violence at home. He said that protection against unemployment "is a double protection that will also guard our society against such psychological phobias as Jew-baiting, Negro-baiting and fascism."

"Full employment is a principle that can be accepted by all of us," Mr. McNutt said. "By the majority who oppose socialism and communism. By the small minority who favor socialism. By those Americans who desire Government to assume a larger role in the life of the nation. And by those Americans who would prefer to see Government play a minor role in the life of the nation. Whatever our differences—and they are many in a democracy—we can all unite in common responsibility to achieve a 60,000,000-job America."

Mr. McNutt said that the agencies in the United Jewish Appeal of Greater New York were confronted with four "must" programs: emergency relief, rescue and rehabilitation for Jews in the liberated and occupied areas; settlement and upbuilding in Palestine; aid to the needy among America's refugees and support for the welfare program on behalf of Jewish fighting men and women.

"The question has been asked whether the United Jewish Appeal will duplicate the work of UNRRA [the United Nations Relief and Rehabilitation Administration], Mr. McNutt continued. "The answer is: No. UNRRA's rehabilitation assignment is a gigantic one. It will need not only the resources of its 44 associated governments, but the support also of public and private organizations, such as the United Jewish Appeal. Your organization, I understand, has already pledged its full support to UNRRA."

More Freight Cars And Less Locomotives On Order Mar. 1

The Class I railroads on March 1, 1945, had 37,166 new freight cars on order, the Association of American Railroads announced on March 20. This included 5,985 hopper, 5,463 gondolas, 1,301 flat, 20,143 plain box, 1,568 automobile, 2,621 refrigerator, and 85 stock freight cars. On Feb. 1, last, the roads had 36,734 cars on order and on March 1, 1944, the total was 33,012.

They also had 546 locomotives on order on March 1, this year, which included 138 steam, two electric, and 406 Diesel locomotives. Total on March 1, 1944, was 779, which included 264 steam, two electric and 513 Diesel.

The Class I railroads put 8,384 freight cars in service in the first two months this year, compared with 5,174 in the same period last year. Those installed in the past two months included 2,930 hopper, 1,061 gondola, 45 flat, 154 stock, 69 refrigerator, 408 automobile box, 3,717 plain box freight cars.

They also put 80 new locomotives in service in the first two months of which five were steam, and 74 were Diesel. New locomotives installed in the same period last year totaled 180, of which there were 75 steam, one electric and 104 Diesel.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†
(Based on Average Yields)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Mar. 20	122.20	115.04	120.84	118.60	114.85	106.21	111.25	114.46	119.41
19	122.20	115.04	120.84	118.60	114.85	106.39	111.25	114.46	119.41
17	122.25	115.04	120.84	118.80	114.66	106.39	111.07	114.46	119.61
16	122.25	115.04	120.84	118.80	114.66	106.39	111.07	114.46	119.41
15	122.28	114.85	120.63	118.60	114.66	106.21	110.88	114.46	119.41
14	122.36	114.85	120.63	118.60	114.85	106.39	110.88	114.46	119.61
13	122.39	114.85	120.63	118.40	114.66	106.21	110.88	114.46	119.41
12	122.42	114.85	120.63	118.60	114.66	106.21	110.88	114.46	119.41
10	122.47	114.85	120.63	118.60	114.66	106.21	110.88	114.46	119.41
9	122.47	114.85	120.63	118.60	114.66	106.21	110.88	114.46	119.41
8	122.53	114.85	120.63	118.60	114.46	106.21	110.88	114.46	119.41
7	122.50	114.85	120.63	118.60	114.46	106.21	110.88	114.27	119.41
6	122.42	114.85	120.63	118.60	114.46	106.21	110.88	114.27	119.61
5	122.28	114.85	120.63	118.60	114.66	106.21	110.70	114.27	119.61
3	122.11	114.85	120.63	118.60	114.66	106.21	110.70	114.27	119.41
2	122.05	114.66	120.43	118.60	114.46	106.21	110.70	114.27	119.61
1	122.03	114.85	120.63	118.60	114.66	106.21	110.70	114.27	119.61
Feb. 23	121.92	114.66	120.02	118.60	114.46	106.04	110.52	114.08	119.41
16	121.97	114.46	120.02	118.60	114.27	105.69	110.15	114.08	119.41
9	121.58	114.27	119.82	118.40	114.08	105.69	109.97	114.08	119.20
2	121.33	114.08	119.82	118.00	113.89	105.34	109.60	114.08	118.80
Jan. 26	120.88	113.89	119.41	118.00	113.70	105.17	109.24	113.89	118.60
19	121.09	113.70	119.20	118.00	113.70	105.00	108.88	113.70	118.60
12	121.25	113.70	119.00	118.00	113.50	104.83	109.06	113.70	118.40
5	120.66	113,50	119,00	117.80	113.50	104.66	108.70	113.89	118.20
High 1945	122.53	115.04	120.84	118.80	114.85	106.39	111.25	114.46	119.61
Low 1945	120.55	113.50	118.80	117.80	113.31	104.48	108.52	113.70	118.20
1 Year Ago									
March 20, 1944	119.93	111.44	118.40	116.61	111.44	100.81	104.48	113.89	116.41
2 Years Ago									
March 20, 1943	116.86	109.42	117.80	115.43	110.52	95.92	100.32	113.12	115.63

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Mar. 20	1.65	2.90	2.61	2.72	2.91	3.38	3.10	2.93	2.68
19	1.65	2.90	2.61	2.72	2,91	3.37	3.10	2.93	2.68
17	1.65	2.90	2.61	2.71	2.92	3.37	3.11	2.93	2.67
16	1.65	2.90	2.61	2.71	2.92	3.37	3.11	2.93	2.68
15	1.64	2.91	2.62	2.72	2.92	3.38	3.12	2.93	2.68
14	1.66	2.91	2.62	2.72	2.91	3.37	3.12	2.93	2.67
13	1.66	2.91	2.62	2.73	2.92	3.38	3.12	2.93	2.68
12	1.66	2.91	2.62	2.72	2.92	3.38	3.12	2.93	2.68
10	1.66	2.91	2.62	2.72	2.92	3.38	3.12	2.93	2.68
9	1.66	2.91	2.62	2.72	2.92	3.38	3.12	2.93	2.68
8	1.65	2.91	2.62	2.72	2.93	3.38	3.12	2.93	2.68
7	1.65	2.91	2.62	2.72	2.93	3.38	3.12	2.94	2.68
6	1.66	2.91	2.62	2.72	2.93	3.38	3.12	2.94	2.67
5	1.67	2.91	2.62	2.72	2.92	3.38	3.13	2.94	2.67
3	1.68	2.91	2.62	2.72	2.92	3.38	3.13	2.94	2.68
2	1.69	2.92	2.63	2.72	2.93	3.38	3.13	2.94	2.67
1	1.69	2.91	2.62	2.72	2.92	3.38	3.13	2.94	2.67
Feb. 23	1.69	2.92	2.65	2.72	2.93	3.39	3.14	2.95	2.68
16	1.69	2.93	2.65	2.72	2.94	3.41	3.16	2.95	2.68
9	1.72	2.94	2.66	2.73	2.95	3.41	3.17	2.95	2.69
2	1.73	2.95	2.66	2.75	2.96	3.43	3.19	2.95	2.71
Jan. 26	1.77	2.96	2.68	2.75	2.97	3.44	3.21	2.96	2.72
19	1.75	2.97	2.69	2.75	2.97	3.45	3.23	2.97	2.72
12	1.74	2.97	2.70	2.75	2.98	3.46	3.22	2.97	2.73
5	1.79	2.98	2.70	2.76	2.98	3.47	3.24	2.96	2.74
High 1945	1.80	2.98	2.71	2.76	2.99	3.48	3.25	2.97	2.74
Low 1945	1.64	2.90	2.61	2.71	2.91	3.37	3.10	2.93	2.67
1 Year Ago									
March 20, 1944	1.82	3.09	2.73	2.82	3.09	3.70	3.48	2.96	2.83
2 Years Ago									
March 20, 1943	2.07	3.20	2.76	2.88	3.14	4.01	3.73	3.00	2.87

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Steel Operations Higher—War Needs Still Exceed Mills' Efforts—Carryovers Expand

"The heavy influx of steel orders, apparent for some time, has not abated so far this month," states "The Iron Age" in its issue of today (March 22), which further says in part:

"Some steel producers find that new business in the first half of March was running almost twice the volume of shipments. The consequence has been a further increase in product carryovers.

"Carryovers have expanded to such an extent that those involving galvanized sheets constitute almost a full month's production. To further complicate the steel distribution picture, cancellations this past week were at the lowest point in many months. Galvanized sheet deliveries are now being promised for February and March of 1946. Cold rolled sheets, which exhibit heavy carryovers, are not available before September of this year. Because of unplaced tonnage these deliveries may soon be extended further into the future.

"An analysis of some mill books show sheet capacity so overloaded that schedules calling for April production are as much as 145% of theoretical maximum output. Additional sheet tonnage, much of it for landing mats, may raise the overload another 20% unless corrective measures are taken in May and June. Sheet deliveries are now so far advanced that mills report a reluctance on the part of customers to place orders. WPB is reported to be cooperating in an effort to prevent bookings being placed too far into the future by withholding allotments for the fourth quarter of 1945 and the first quarter of 1946.

"Structural steel demand is exceptionally heavy and the volume of new business for this product is mounting. Currently, structural steel carryovers in many cases are running almost as heavy as a half a month's output.

"Reinforcing bar allocations for the second quarter are exceptionally low as WPB has cut back sharply on allotments for this type of steel. Although bar producers are permitted to use 'off heat' steel for concrete bars, little of this is available because many customers prefer to take the 'off grade' steel for their orders rather than wait a long time for a new heat to be made.

"During this past week it was apparent that future production of rails, alloy bars, reinforcing bars and possibly some structural steel might be affected somewhat by an increase in April shell steel production. On the other hand, however, J. A. Krug, WPB head, told "The Iron Age" that Army and Navy requirements for the second quarter might be reduced as much as 200,000 tons. These returned allotments, Mr. Krug said, would be replaced by orders for railroad material, petroleum industry requirements and steel for repairs. However, when and if these orders are scheduled, they will have to take their chance on the already tight and extended steel mill delivery setup."

The American Iron and Steel Institute on March 19 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 96.9% of capacity for the week beginning March 19, compared with 94.5% one week ago, 96.4% one month ago and 99.1% one year ago. The operating rate for the week beginning March 19 is equivalent to 1,774,900 tons of steel ingots and castings, compared to 1,730,900 tons one week ago, 1,765,700 tons one month ago and 1,775,200 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on March 19 stated in part as follows: "With steel demand materially in excess of production every effort is being made by Washington to distribute the load more evenly and provide capacity for materials most needed.

"Recent appeal by the War Production Board for consumers to screen their mill contracts and cancel everything they can spare has produced some results but most of the help in this direction is expected to come the latter half of this month. Total gain is seen as substantial. This is the first appeal of this nature since the effort of about two years ago to consumers to share the steel.

"Greatest tightness at present is in sheets and strip and every effort is being made to eliminate plate tonnage from strip mill schedules as rapidly as manpower for processing lighter products becomes available. Strip mills now are producing about 150,000 tons of plates per month, down more than 400,000 tons from the peak of last spring and summer, when these mills supplied almost half plate output. In expectation of gaps in sheet schedules WPB is holding a tight rein and dictating what tonnage shall be substituted.

"Raw material supplies for steelmaking are in slightly better position, though scrap tonnage is below consumption and more pig iron is being used. Shortage of labor is a deterrent to normal supply of scrap and some blast furnaces suffer from the same condition."

Weekly Coal and Coke Production Statistics

The Solid Fuels Administration, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended March 10, 1945, is estimated at 11,025,000 net tons, a decrease of 255,000 tons, or 2.3%, from the preceding week. Output in the corresponding week of 1944 amounted to 12,300,000 tons. For the calendar year to March 10, 1945, soft coal production totaled 115,750,000 net tons, a decrease of 9.0% when compared with the 127,265,000 tons produced in the calendar year to March 11, 1944.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended March 10, 1945 was estimated at 1,107,000 tons, a decrease of 9,000 tons (0.8%) from the preceding week. When compared with the output in the corresponding week of 1944 there was a decrease of 143,000 tons, or 11.4%. The calendar year to date shows a decrease of 20.6% when compared with the corresponding period of last year.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended March 10, 1945 showed a decrease of 4,400 tons when compared with the output for the week ended March 3, 1945; and was 21,100 tons less than for the corresponding week of 1944.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE IN NET TONS

	—Week Ended— Mar. 10, 1945	*Mar. 3, 1945	Mar. 11, 1944	—Jan. 1 to Date— †Mar. 10, 1945	Mar. 11, 1944
Bituminous coal & lignite—					
Total including mine fuel	11,025,000	11,280,000	12,300,000	115,750,000	127,265,000
Daily average	1,838,000	1,880,000	2,050,000	1,942,000	2,097,000

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	—Week Ended— ‡Mar. 10, 1945	§Mar. 3, 1945	Mar 11, 1944	—Calendar Year to Date— Mar. 10, 1945	Mar. 11, 1944	Mar. 13, 1937
Penn. anthracite—						
*Total incl. coll. fuel	1,107,000	1,116,000	1,250,000	10,279,000	12,944,000	9,590,000
†Commercial produc.	1,063,000	1,071,000	1,200,000	9,868,000	12,426,000	9,111,000
Beehive coke—						
United States total	127,500	131,900	148,600	1,094,500	1,589,900	728,100

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, BY STATES
(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	—Week Ended— Mar. 3, 1945	Feb. 24, 1945	Mar. 4, 1944
Alabama	365,000	350,000	368,000
Alaska	7,000	7,000	7,000
Arkansas and Oklahoma	63,000	85,000	90,000
Colorado	165,000	170,000	178,000
Georgia and North Carolina	1,000	*	*
Illinois	1,503,000	1,565,000	1,597,000
Indiana	520,000	554,000	553,000
Iowa	58,000	54,000	64,000
Kansas and Missouri	173,000	155,000	170,000
Kentucky—Eastern	1,002,000	1,095,000	908,000
Kentucky—Western	325,000	345,000	336,000
Maryland	33,000	35,000	40,000
Michigan	4,000	3,000	2,000
Montana (bitum. & lignite)	104,000	95,000	109,000
New Mexico	32,000	32,000	35,000
North & South Dakota (lignite)	60,000	60,000	50,000
Ohio	577,000	595,000	643,000
Pennsylvania (bituminous)	2,540,000	2,690,000	2,980,000
Tennessee	137,000	148,000	150,000
Texas (bituminous & lignite)	4,000	4,000	3,000
Utah	141,000	153,000	150,000
Virginia	366,000	415,000	383,000
Washington	31,000	32,000	26,000
†West Virginia—Southern	2,002,000	2,248,000	2,142,000
‡West Virginia—Northern	880,000	845,000	946,000
Wyoming	187,000	190,000	185,000
§Other Western States	*	*	*
Total bituminous & lignite	11,280,000	11,925,000	12,115,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

President Requests Funds For Navy

An appropriation by Congress of $23,719,153,050 for the Navy for the fiscal year 1945-46 was asked by President Roosevelt on March 13. He requested additional contract authorizations of $3,088,012,624, of which $1,513,012,624 represents new authorizations and $1,575,000,000 is continued available from the current fiscal year, said the Associated Press, which added:

Of the new budget about $4,500,000,000 is to pay for contracts previously authorized.

The new Navy budget provides for a Navy of approximately 3,389,000 men, a Marine Corps strength of 478,000, and 178,165 in the Coast Guard.

The nearly $24,000,000,000 for the year beginning July 1, compares with total appropriations of about $28,500,000,000 for 1945 and $23,000,000,000 for 1944. The reduction from the current appropriations is accounted for largely by a cut of about $2,000,000,000 in previous estimates of the cost of the airplane program, and about $4,000,000,000 in cash required for the ship building program. These reductions, however, are partially offset by increased requirements for advanced bases. Pay allowances have been raised also, due to the increased strength of the Navy and a greater number of dependents' allowances and the higher ratings achieved as the war progresses.

France Pays Installment on Materials Sent to Africa

The payment by France on March 12 of a $40,000,000 installment on materials shipped to French North and West Africa during the last two years was reported in Associated Press advices on that day from Washington, which likewise said:

Christian Valensi, President of the French Supply Council, made the payment by check to Leo T. Crowley, Foreign Economic Administrator.

This brought total payments to $153,668,907. The value of shipments to French North and West Africa from February, 1943, through January 31, 1945, has been placed at $185,402,935. The difference between this value and the total payments thus far—about $31,000,000—represents items now in negotiation.

The Lend-Lease of civilian supplies to French North and West Africa will end June 30. Private trade or French mission procurement thereafter will handle exports from this country.

France Recognizes Korean Government

Chungking Associated Press advices, March 17, appearing in the New York "Sun" said:

"France has extended recognition to the Korean Provisional Government at Chungking, heretofore not recognized by any other nation, Korean Foreign Minister Tso Jo-wang announced today. He appealed to other nations to follow suit and said his regime would insist on representation at the San Francisco conference."

Moody's Daily Commodity Index

Tuesday, March 13	255.4
Wednesday, March 14	255.4
Thursday, March 15	255.2
Friday, March 16	255.2
Saturday, March 17	255.3
Monday, March 19	255.3
Tuesday, March 20	255.3
Two weeks ago, March 27	255.5
Month ago, Feb. 20	254.7
Year ago, March 20	251.4
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, Dec. 30	254.4
Low, Nov. 1	245.7

Bankers' Dollar Acceptances Outstanding on Feb. 28 $126,269,000

The volume of bankers' dollar acceptance outstanding on Feb. 28 amounted to $126,269,000, a decrease of $3,474,000 from the Jan. 31 total, according to the monthly acceptance survey issued March 13 by the Federal Reserve Bank of New York. As compared with a year ago, the Feb. 28 total represents a loss of $8,503,000.

In the month-to-month comparison, domestic warehouse credits, domestic shipments, exports and those based on goods stored in or shipped between foreign countries were lower and imports and dollar exchange were higher, while in the yearly analysis all the items except domestic warehouse credits and those based on goods stored or shipped between foreign countries for January, 1945, are higher than a year ago.

The Reserve Bank's report follow:

MONTHLY ACCEPTANCE SURVEY
BANKERS DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES
BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	Feb. 28, '45	Jan. 31, '45	Feb. 29, '44
1 Boston	$20,810,000	$21,932,000	$22,793,000
2 New York	74,904,000	79,310,000	81,299,000
3 Philadelphia	8,780,000	8,700,000	6,709,000
4 Cleveland	985,000	1,090,000	958,000
5 Richmond	757,000	479,000	2,025,000
6 Atlanta	3,847,000	4,053,000	3,777,000
7 Chicago	4,394,000	4,261,000	5,067,000
8 St. Louis	677,000	486,000	449,000
9 Minneapolis	73,000	36,000	52,000
10 Kansas City	------	------	------
11 Dallas	546,000	200,000	477,000
12 San Francisco	10,496,000	9,196,000	11,166,000
Grand Total	$126,269,000	$129,743,000	$134,772,000

Decrease for month $3,474,000 Decrease for year $8,503,000

ACCORDING TO NATURE OF CREDIT

	Feb. 28, '45	Jan. 31, '45	Feb. 29, '44
Imports	$86,922,000	$86,062,000	$82,905,000
Exports	11,814,000	13,228,000	11,717,000
Domestic shipments	12,178,000	12,484,000	10,481,000
Domestic warehouse credits	11,465,000	12,687,000	21,243,000
Dollar exchange	313,000	251,000	129,000
Based on goods stored in or shipped between foreign countries	3,577,000	5,031,000	8,297,000

BILLS HELD BY ACCEPTING BANKS

Own bills $51,622,000 Bills of others $45,591,000 Total $97,213,000

Decrease for month $384,000

CURRENT MARKET RATES ON PRIME BANKERS ACCEPTANCES MARCH 13, 1945

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	½	7/16
60	½	7/16
90	½	7/16
120	9/16	½
150	⅝	9/16
180	⅝	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptance outstanding at the close of each month since February, 1942:

1942—	$	1943—	$	1944—	$
Feb. 28	190,010,000	Mar. 31	129,818,000	Mar. 31	129,358,000
Mar. 31	182,675,000	Apr. 30	128,350,000	Apr. 29	125,566,000
Apr. 30	177,293,000	May 29	135,815,000	May 31	113,139,000
May 29	173,906,000	June 30	139,846,000	June 30	111,675,000
June 30	162,849,000	July 31	110,250,000	July 31	138,692,000
July 31	156,302,000	Aug. 31	130,244,000	Aug. 31	109,632,000
Aug. 31	139,304,000	Sept. 30	117,016,000	Sept. 30	111,101,000
Sept. 30	123,494,000	Oct. 30	114,883,000	Oct. 31	114,953,000
Oct. 31	118,581,000	Nov. 30	111,289,000	Nov. 30	115,336,000
Nov. 30	116,067,000	Dec. 31	116,814,000	Dec. 30	128,944,000
Dec. 31	118,039,000				
1943—		1944—		1945—	
Jan. 30	119,682,000	Jan. 31	120,497,000	Jan. 31	129,743,000
Feb. 27	127,062,000	Feb. 29	134,772,000	Feb. 28	126,269,000

Working Capital of U. S. Corporations at New High in Third Quarter of 1944

The net working capital of American corporations (exclusive of banks and insurances companies) reached a new high in the third quarter of last year, estimated at $45.1 billion as of Sept. 30, 1944, according to the quarterly analysis made public on Feb. 21 by the Securities and Exchange Commission. The Commission states that during the three months, July through September, 1944, working capital increased by $1.2 billion, about the same rate as in the preceding quarter. This increase in working capital was fully explained by the level of retained profits, says the Commission, which adds:

"As in previous quarters, working capital at the end of September was in extremely liquid form with both cash and U. S. Government securities accounting for a very substantial portion of the total. By far the largest change in any of the items of current assets and liabilities during the quarter was the $2.3 billion increase in cash on hand and in banks to a record total of $24.1 billion. As a partial offset to this increase, there was a drop in U. S. Governments amounting to $800 million. Corporations' holdings of U. S. Governments, however, amounting to $18.9 billion, were still in excess of their income tax liabilities of $16.1 billion which have remained relatively constant for several quarters. There was comparatively little change in any of the other components of working capital. The ratio of corporate liquid funds in the form of cash and U. S. Governments to sales, which is one rough measure of liquidity, increased again in the third quarter of 1944 and is well above pre-war levels.

"In addition to the increase in working capital, corporations continued to accumulate post-war credits in refundable taxes, raising the total of such refundable taxes to $2.0 billion as of Sept. 30, 1944, an increase of $200 million over the quarter. Other sources of substantial refunds payable to corporations are the provisions of the income and excess-profits tax laws for carry-back of losses and unused excess-profits credits, for accelerated amortization of emergency facilities, and for recomputation of base-period income for excess-profits determination. As for other items affecting the corporations' financial position, there was on the assets side a drop of about $400 million in the net property account and on the liabilities side a reduction of $200 million in long-term debt; both of these declines reflected a continuation of trends which characterized the two preceding years.

The attached tabulation shows the working capital of all corporations in the United States on which the above discussion is based. Though there was considerable variation for the varicus industrial and size groups of corporations, practically all groups shared in the rise of working capital in this quarter as in previous periods.

*CURRENT ASSETS AND LIABILITIES OF U. S. CORPORATIONS
1939-1944
(Billions of dollars)

	1939	1940	1941	1942	1943	March 31 1944	June 30 1944	Sep. 30 1944
Current Assets—								
Cash on hand and in banks	10.9	13.1	13.9	17.7	22.8	22.0	21.8	24.1
U. S. Government securities	2.2	1.9	3.9	10.0	15.8	18.1	19.7	18.9
†Receivables from U. S. Govt.	--	.1	.6	4.0	5.0	4.9	4.7	4.6
Other notes & accts. receivable	22.1	23.9	27.4	23.3	22.5	22.5	22.0	22.2
Inventories	18.0	19.8	25.6	27.3	27.0	27.2	26.8	26.8
‡Other current assets	1.4	1.5	1.4	1.3	1.3	1.3	1.4	1.3
Total current assets	54.6	60.3	72.8	83.6	94.4	96.0	96.4	97.9
Current Liabilities:—								
†Advances and prepayment, U. S. Government	--	.6	.8	2.0	2.2	2.3	2.2	2.0
Other notes & accts. payable	21.9	22.6	25.6	24.5	25.7	25.7	25.2	25.5
Federal income tax liabilities	1.2	2.5	7.1	12.1	15.9	16.1	16.1	16.1
§Other current liabilities	6.9	7.1	7.2	8.8	9.3	9.2	9.0	9.2
Total current liabilities	30.0	32.8	40.7	47.4	53.1	53.3	52.5	52.8
Net working capital	24.6	27.5	32.1	36.2	41.3	42.7	43.9	45.1

*All U. S. corporations excluding banks and insurance companies. Data for 1939-1941 are based on Statistics of Income, covering virtually all corporations in the United States. Data for 1942-1944 are estimates based on data compiled from many different sources, including data on corporations registered with the Commission. Because of the nature of the figures, these estimates are subject to revision.

†Receivables from and payables to U. S. Government do not include amounts offset against each other on the corporation's books or amounts arising from subcontracting which are not directly due from or to the U. S. Government. These figures have been revised as a result of a detailed analysis of the composition of corporations' receivables and payables with the result that estimates of receivables from and payables to the U. S. Government, which are not shown separately in Statistics of Income, have been raised while other receivables and payables have been lowered correspondingly. Working capital, however, has not been affected much by this revision.

‡Includes marketable securities other than U. S. Government.

§For 1942-1944 includes provisions for renegotiation other than those combined with income tax liabilities.

The figures for the second quarter of last year were given in our issue of Dec. 7, page 2531.

Electric Output for Week Ended Mar. 17, 1945 0.1% Below That for Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Mar. 17, 1945, was approximately 4,397,529,000 kwh., which compares with 4,400,246,000 kwh. in the corresponding week a year ago, and 4,446,136,000 kwh. in the week ended Mar. 10, 1945. The output of the week ended Mar. 17, 1945, was 0.1% lower than that in the same week last year.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Mar. 17	Mar. 10	Mar. 3	Feb. 24
New England	*0.1	*0.5	*1.1	0.9
Middle Atlantic	*3.5	*2.8	*3.4	*1.9
Central Industrial	0.9	1.7	2.8	3.5
West Central	5.9	7.3	9.1	8.8
Southern States	4.9	6.3	6.5	6.9
Rocky Mountain	*7.5	*5.6	*8.7	*9.8
Pacific Coast	*0.1	*2.1	*5.2	*6.2
Total United States	*0.1	0.5	0.2	0.7

*Decrease under similar week in previous year.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1945	1944	% Change over 1944	1943	1932	1929
Jan. 6	4,427,281	4,567,959	--	3,952,587	1,602,482	1,733,810
Jan. 13	4,614,334	4,539,083	+ 1.7	3,952,479	1,598,201	1,736,721
Jan. 20	4,588,214	4,531,662	+ 1.2	3,974,202	1,588,967	1,717,315
Jan. 27	4,576,713	4,523,763	+ 1.2	3,976,844	1,588,853	1,728,203
Feb. 3	4,538,552	4,524,134	+ 0.3	3,960,242	1,578,817	1,726,161
Feb. 10	4,505,269	4,532,730	— 0.6	3,939,708	1,545,459	1,718,304
Feb. 17	4,472,293	4,511,562	— 0.9	3,948,749	1,512,158	1,699,250
Feb. 24	4,473,962	4,444,939	+ 0.7	3,892,796	1,519,679	1,706,719
March 3	4,472,110	4,464,686	+ 0.2	3,946,630	1,538,452	1,702,570
March 10	4,446,136	4,425,630	+ 0.5	3,944,679	1,537,747	1,687,229
March 17	4,397,529	4,400,246	— 0.1	3,946,836	1,514,553	1,683,262
March 24		4,409,159		3,928,170	1,480,208	1,679,589
March 31		4,408,703		3,889,858	1,465,076	1,633,291

Note—Because the same week a year ago contained the New Year holiday, no percentage comparison is available for the week ended Jan. 6.

Bill to Draft Nurses Passed By House

By a vote of 347 to 42 the House passed on March 7 the bill to draft nurses for the Armed Forces. During debate on the bill Senator Brooks had placed in the "Congressional Record" on March 7 the following figures:

"There are now 44,000 nurses in the Army and Navy. Of this number 25,500 are currently serving overseas, and 14,500 are serving in the United States. This shows the relative needs of the services.

"Out of the 18,500 to be inducted into the service under the terms of this act, 8,100 will be needed overseas; and I daresay in working out the details of this act when it becomes law the armed forces may even go further than the Kilday amendment and may see to it that no woman forcibly inducted into the service under this act should be sent overseas against her own will."

In Associated Press advices from Washington March 8, it was noted that the measure was the first woman-draft bill ever approved by either branch of Congress and was the House's answer to Army-Navy pleas for an estimated 18,000 more nurses. These press advices added:

It requires every nurse, man or woman, married or unmarried, who is not over 44 or under 20 years of age to register at a date to be determined later.

Those in that age-span who were not married before March 15, 1945, or, if widowed or divorced, have no children under 18 and no dependent children, would be liable for induction if their draft boards decide their services are not more necessary on the home front. They would be offered commissions either as second lieutenants or ensigns. Refusal to accept a commission, however, would not avert induction.

Any inducted nurse would be eligible for all customary veterans' benefits. In addition, any nurse requesting assignment to a particular area or theater of operations—regardless of whether her husband is in service there—would be entitled to such an assignment, subject to Army or Navy decision that it was militarily practicable. Current policy restricts assignment of husband and wife to the same theater.

While the Military Committee, which wrote the bill after lengthy hearings, had recommended that the bulk of inductions come from the Federally financed Cadet nurse program, the House knocked out this provision. The action resulted in putting Cadet Corps graduates and non-Cadets on the same footing.

According to special advices to the New York "Times" from Washington March 7 it was observed by one of the Administration leaders, Representative Thomason of Texas, that "such a bill would not survive ten minutes on this floor but for the tragic present need." The account to the "Times" also said:

Just before final passage, on which Chairman May of the House Military Affairs Committee successfully demanded a record rollcall vote amid subdued cries of "no, no," the leadership had only barely beaten off an attempt to postpone for at least thirty days the compulsory induction of nurses. This was in the form of an amendment submitted by Representative Fenton, Republican, of Pennsylvania, which also would have postponed a nurse draft indefinitely if stated quotas were reached by the volunteer method. Mr. Fenton's proposal was defeated by only six votes—133 to 139—and through a parliamentary maneuver it was brought to a vote a second time and again beaten, this time by 117 to 161.

Proponents of the bill told the House that the Army was in extreme need of a minimum of 18,500 nurses, and perhaps as many as 20,000 to help care for casualties now reaching American Army hospitals at the rate of 1,600 a day.

Registered male nurses, as well as women nurses, would be subject to induction specifically as nurses and the War Department would be called upon to reassign to nursing duties an estimated 2,000 male nurses now declared to be already serving in the Army on other details. Male nurses so reassigned and those who might later be drafted would be offered commissions as second lieutenants, just as would be their women colleagues.

The provisions for "tendering" commissions to drafted nurses represented a compromise between Chairman May and Representative Harness, Republican, of Indiana. Mr. Harness yesterday had obtained provisional House approval for an amendment stating that nurses could be inducted only "as commissioned officers."

This, Mr. May and his associates had feared, might have permitted the recalcitrant to avoid serving at all, simply by declining such automatic commissions. As the matter now stands, anyone who sought to decline a "tender" of a commission could be drafted nevertheless.

Meanwhile, officers of the American Nurses Association from more than 40 States met here today to start a rally of volunteers in their own ranks immediately, regardless of what happens to the Nurses Draft Bill.

A telegram from President Roosevelt approving that purpose was read. It said in part:

"The measures which I have recommended to Congress and which they now have under consideration express my deep concern for caring for our sick and wounded in the mounting tempo of war. They are in no way inconsistent with the effort now being made to secure an immediate maximum of voluntary recruitment. Indeed, that voluntary recruitment is highly desirable. I am gratified to learn of your efforts in its support. We need nurses now."

Trading on New York Exchanges

The Securities and Exchange Commission made public on Mar 14 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Feb. 24, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Feb. 24 (in round-lot transactions) totaled 2,068,186 shares, which amount was 12.87% of the total transactions on the Exchange of 8,033,840 shares. This compares with member trading during the week ended Feb. 17 of 2,277,101 shares, or 12.47% of the total trading of 9,127,470 shares. On the New York Curb Exchange, member trading during the week ended Feb. 24 amounted to 353,705 shares, or 14.67% of the total volume on that exchange of 2,827,100 shares. During the Feb. 17 week trading for the account of Curb members of 545,839 shares was 9.44% of total trading of 2,891,124.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED FEB. 24, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	196,110	
‡Other sales	7,837,730	
Total sales	8,033,840	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	578,800	
Short sales	85,350	
‡Other sales	497,990	
Total sales	583,340	7.23
2. Other transactions initiated on the floor—		
Total purchases	202,240	
Short sales	8,500	
‡Other sales	216,450	
Total sales	224,950	2.66
3. Other transactions initiated off the floor—		
Total purchases	198,932	
Short sales	33,200	
‡Other sales	246,724	
Total sales	279,924	2.98
4. Total—		
Total purchases	979,972	
Short sales	127,050	
‡Other sales	961,164	
Total sales	1,088,214	12.87

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED FEB. 24, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	46,905	
‡Other sales	2,780,195	
Total sales	2,827,100	
B. Round-Lot Transaction for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	218,170	
Short sales	22,650	
‡Other sales	231,640	
Total sales	254,290	8.36
2. Other transactions initiated on the floor—		
Total purchases	53,150	
Short sales	2,000	
‡Other sales	67,160	
Total sales	69,160	2.16
3. Other transactions initiated off the floor—		
Total purchases	53,400	
Short sales	7,700	
‡Other sales	173,605	
Total sales	181,305	4.15
4. Total—		
Total purchases	324,720	
Short sales	32,350	
‡Other sales	472,405	
Total sales	504,755	14.67
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	89,207	
Total purchases	89,207	
Total sales	80,509	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Wholesale Prices Up 0.1% for Week Ended March 10 Labor Department Reports

"Substantially higher prices for livestock and meats together with a slight increase in the grain markets brought the Bureau of Labor Statistics' index of commodity prices at the primary market level up 0.1% during the week ended March 10, to 105.1% of the 1926 average," said the U. S. Department of Labor in its report March 15, which also stated that "in the past four weeks prices for the commodities included in the index rose 0.2% and were 1.6% higher than at this time last year." The Bureau in its advices added:

"Farm Products and Foods: In the farm products group seasonally lower prices for eggs and declining markets for fruits and vegetables more than offset higher prices for livestock and poultry and for grains and caused the farm products group index to decline 0.1%. Quotations for cattle were up about 2%, for sheep 0.7% and for live poultry 1.5%. The increases for grains—wheat, corn and rye—were less than 1%. Cotton and South American wool also advanced during the week. Onions rose nearly 5%. Lower prices were reported for apples, citrus fruits and potatoes. Eggs declined seasonally by 0.5%. Average prices for farm products were 0.2% higher than at this time last month and 3% higher than in mid-March of last year.

"Prices for foods in primary markets averaged the same as for the preceding week. Higher prices for pork and dressed poultry, for wheat flour in the Kansas City milling center and for rye flour at Minneapolis were offset by lower prices for eggs, apples, lemons, oranges and potatoes. Since early in February food prices declined 0.4% to a point slightly below their level of a year ago.

"Industrial Commodities: Except for a decline of 0.6% in prices for turpentine, industrial commodity markets were steady during the week."

The Labor Department also included the following notation in its report:

During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) indexes for the principal groups of commodities for the past three weeks, for Feb. 10, 1945 and March 11, 1944, and the percentage changes from a week ago, a month ago, and a year ago and (2) percentage changes in subgroup indexes from March 3, 1945 to March 10, 1945:

WHOLESALE PRICES FOR WEEK ENDED MARCH 10, 1945
(1926=100)

						Percentage change to March 10, 1945 from—		
Commodity Groups—	3-10 1945	3-3 1945	2-24 1945	2-10 1945	3-11 1944	3-3 1945	2-10 1945	3-11 1944
All commodities	105.1	105.0	104.8	104.9	103.4	+0.1	+0.2	+ 1.6
Farm products	127.1	127.2	126.4	126.8	123.4	—0.1	+0.2	+ 3.0
Foods	104.5	104.5	104.1	104.9	104.6	0	—0.4	+ 0.1
Hides and leather products	118.1	118.1	118.0	118.0	117.6	0	+0.1	+ 0.4
Textile products	99.2	99.2	99.1	99.1	97.3	0	+0.1	+ 2.0
Fuel and lighting materials	83.8	83.8	83.8	84.0	83.6	0	—0.2	+ 0.2
Metals and metal products	104.3	104.3	104.3	104.2	103.8	0	+0.1	+ 0.5
Building materials	116.9	116.9	116.9	116.7	113.7	0	+0.2	+ 2.8
Chemicals and allied products	94.9	94.9	94.9	94.9	95.1	0	0	— 0.2
Housefurnishing goods	106.2	106.2	106.2	106.2	105.9	0	0	+ 0.3
Miscellaneous commodities	94.4	94.3	94.1	94.1	93.3	+0.1	+0.3	+ 1.2
Raw materials	116.2	116.2	115.7	116.0	113.3	0	+0.2	+ 2.6
Semimanufactured articles	94.9	94.9	94.8	94.8	93.5	0	+0.1	+ 1.5
Manufactured products	101.8	101.6	101.6	101.6	100.6	+0.2	+0.2	+ 1.2
All commodities other than farm products	100.3	100.1	100.1	100.1	99.2	+0.2	+0.2	+ 1.1
All commodities other than farm products and foods	99.4	99.4	99.3	99.3	98.2	0	+0.1	+ 1.2

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM MARCH 3, 1945 TO MARCH 10, 1945

Increases			
Meats	1.4	Cereal Products	0.2
Livestock and poultry	0.9	Grains	0.2
Decreases			
Fruits and vegetables	2.4	Other farm products	0.7
Paint and paint materials	0.1		

National Fertilizer Association Commodity Price Index Shows Small Advance

The weekly wholesale commodity price index, compiled by the National Fertilizer Association and made public March 19, fractionally advanced to 139.8 in the week ending March 17, 1945, from 139.7 in the preceding week. A month ago the index stood at 140.0, and a year ago at 137.3, based on the 1935-1939 average as 100. The Association's report went on to say:

Three of the composite groups included in the index advanced slightly during the latest week and one declined slightly. The foods index registered a small decline because of lower prices for potatoes. This index is now 2.5% below its all-time peak of 144.5 reached Dec. 23, 1944, and is now at the lowest point since Sept. 2, 1944, when it stood at 140.7. The farm products group advanced slightly, with the small advances in prices for cotton, calves and hay more than offsetting the declines in the quotations for rye and lamb. All price changes moved within a narrow range. The building materials group rose slightly because of higher prices for wire nails. The textiles group also advanced fractionally. All of the other groups in the index remained unchanged.

During the week four price series in the index advanced and three declined; in the preceding week there were two advances and three declines; in the second preceding week there were seven advances and three declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Mar. 17, 1945	Preceding Week Mar. 10, 1945	Month Ago Feb. 17, 1945	Year Ago Mar. 18, 1944
25.3	Food	141.0	141.2	142.7	137.7
	Fats and Oils	145.3	145.3	145.3	146.1
	Cottonseed Oil	163.1	163.1	163.1	159.6
23.0	Farm Products	165.4	165.2	164.6	158.5
	Cotton	206.4	206.1	205.8	200.9
	Grains	163.6	163.7	162.9	164.8
	Livestock	159.5	159.4	158.8	149.7
17.3	Fuels	130.4	130.4	130.4	130.1
10.8	Miscellaneous Commodities	133.4	133.4	133.4	132.2
8.2	Textiles	156.0	155.9	155.9	152.0
7.1	Metals	104.7	104.7	106.4	104.4
6.1	Building Materials	154.2	154.1	154.1	152.4
1.3	Chemicals and Drugs	125.4	125.4	125.4	127.7
.3	Fertilizer Materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.9	119.9	119.9	119.7
.3	Farm Machinery	104.8	104.8	104.8	104.2
100.0	All groups combined	139.8	139.7	140.0	137.3

*Indexes on 1926-1928 base were: March 17, 1945, 108.9; March 10, 1945, 108.8, and March 18, 1944, 107.0.

Adviser To Chinese Board

From Chunkging, China, March 11 Associated Press advices stated:

"A. T. Kearney, former regional director of the United States War Production Board at Chicago, made his first official appearance in Chungking today as new adviser to the Chinese Production Board. He was accompanied by Edward P. Brooks, on leave as Vice-President in charge of factories for Sears, Roebuck & Co.

Howard Coonley, Deputy Chief to Donald M. Nelson's mission to China, will return to the United States soon. So far, eight of the 20 American specialists being sent here to assist the Chinese WPB have arrived in Chungking.

CIO Urges Congress To Ratify Bretton Woods Agreements

Prompt ratification by Congress of the Bretton Woods Monetary Agreements was urged on March 8 by the Congress of Industrial Organizations. In the view of Philip Murray, President of the CIO, action on Bretton Woods will be "the first test of our desire and ability to co-operate with other countries" in the maintenance of enduring peace. The Associated Press, from which this is learned, said:

In a letter to Chairman Spence (Dem., Ky.) of the House Banking Committee, now considering the world economic plan, he (Mr. Murray) wrote: "This support is given in the firm belief that the agreement of the 44 United Nations worked out at Bretton Woods last summer is the best guarantee of a greatly expanded and stabilized world trade that will afford protection to American business men, markets to American farmers and jobs for American workers * * *.

"The members of the CIO, and the millions of their relatives and friends in the armed forces, believe firmly that we must have a planned and rational approach to world economic problems if we are to have security from war and aggression."

Dean Acheson, Assistant State Secretary, appeared before the Banking Committee today, urging ratification of Bretton Woods as a means of removing the economic causes of war.

Critical questioning was directed at him by some Republican committeemen, and Representative Smith (Rep., Ohio) declared the agreements are "dangerous" to both the United States and Great Britain. Mr. Acheson confined his answers to the merits of the actual machinery for the establishment, under the agreements, of an International Bank for Reconstruction and Development and for an International Fund to facilitate foreign exchange and trade.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on March 14 a summary for the week ended March 3 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended March 3, 1945

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	32,194
Number of shares	956,443
Dollar value	$38,389,354
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	250
*Customers' other sales	30,749
Customers' total sales	30,999
Number of Shares:	
Customers' short sales	8,715
*Customers' other sales	811,695
Customers' total sales	850,410
Dollar value	$31,315,010
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	170
†Other sales	199,750
Total sales	199,920
Round-Lot Purchases by Dealers:	
Number of shares	306,640

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Daily Average Crude Oil Production for Week Ended March 10, 1945 Increased 2,895 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended March 10, 1945 was 4,768,015 barrels, an increase of 2,895 barrels over the preceding week and a gain of 386,840 barrels per day in excess of the output in the corresponding week of last year. The current figure however, was 25,335 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of March, 1945. Daily production for the four weeks ended March 10, 1945 averaged 4,772,950 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,777,000 barrels of crude oil daily and produced 14,557,000 barrels of gasoline; 1,666,000 barrels of kerosine; 4,887,000 barrels of distillate fuel, and 9,752,000 barrels of residual fuel oil during the week ended March 10, 1945; and had in storage at the end of that week 52,290,000 barrels of civilian grade gasoline; 44,586,000 barrels of military and other gasoline; 6,976,000 barrels of kerosene; 27,001.000 barrels of distillate fuel, and 44,150,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations March	*State Allowables Begin. Mar. 1	Actual Production Week Ended Mar. 10, 1945	Change from Previous Week	4 Weeks Ended Mar. 10, 1945	Week Ended Mar. 11, 1944
Oklahoma	363,000	363,000	†369,200	+ 600	368,150	328,300
Kansas	274,000	259,600	†251,450	+ 7,050	260,000	259,500
Nebraska	1,000	----	900	----	900	1,300
Panhandle Texas			88,000	----	88,000	92,850
North Texas			149,300	+ 500	148,900	142,600
West Texas			477,400	+ 13,100	467,550	340,900
East Central Texas			146,700	— 3,600	146,350	116,600
East Texas			381,000	—11,000	389,250	365,100
Southwest Texas			352,150	+ 5,150	348,300	291,500
Coastal Texas			564,450	+ 2,350	562,700	513,800
Total Texas	2,160,000	‡2,150,675	2,159,000	+ 6,500	2,151,050	1,863,350
North Louisiana			70,650	+ 850	69,500	76,550
Coastal Louisiana			295,650	+ 850	295,000	283,950
Total Louisiana	360,000	401,800	366,300	+ 1,700	364,500	360,500
Arkansas	80,000	80,317	81,200	+ 100	81,650	79,300
Mississippi	53,000		50,450	— 2,950	51,700	42,950
Alabama	300		250	----	250	25
Florida	----		15	— 5	----	50
Illinois	198,000		201,300	— 6,050	204,800	226,900
Indiana	12,000		12,300	— 200	12,500	15,300
Eastern— (Not incl. Ill., Ind., Ky.)	68,200		59,400	— 2,150	61,050	68,650
Kentucky	32,000		27,250	— 2,650	30,100	24,950
Michigan	47,000		46,300	— 500	47,200	53,500
Wyoming	100,000		101,850	+ 1,400	101,000	92,500
Montana	23,000		20,650	----	20,200	20,800
Colorado	9,500		10,250	— 50	10,000	7,700
New Mexico	105,000	105,000	103,950	----	103,950	112,900
Total East of Calif	3,886,000		3,862,015	+ 2,795	3,869,000	3,558,475
California	907,350	§907,350	906,000	+ 100	903,950	822,700
Total United States	4,793,350		4,768,015	+ 2,895	4,772,950	4,381,175

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. March 8, 1945.

‡This is the net basic allowable as of March 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 15 days, the entire state was ordered shut down for 6 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 6 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED MARCH 10, 1945

(Figures in thousands of barrels of 42 gallons each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	% Daily Refining Capacity Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Ref. Inc. Nat. Blended	‡Stocks of Gas Oil & Dist. Fuel Oil	‡Stocks of Residual Fuel oil	‡Gasoline Stocks Military and Other	‡Gasoline Stocks Civilian Grade
East Coast	99.5	709	89.6	1,837	5,426	5,281	6,475	6,856
Appalachian— District No. 1	76.8	96	65.8	263	347	191	1,280	1,282
District No. 2	81.2	63	126.0	193	97	163	622	963
Ind., Ill., Ky.	87.2	739	86.2	2,790	3,370	2,068	6,827	16,956
Okla., Kans., Mo.	78.3	385	82.1	1,438	1,591	1,189	1,834	7,381
Inland Texas	59.8	227	69.0	916	334	669	1,223	1,949
Texas Gulf Coast	89.3	1,222	98.8	3,341	4,868	6,946	10,839	5,456
Louisiana Gulf Coast	96.8	264	101.5	762	1,724	1,487	†2,653	†2,616
No. La. & Arkansas	55.9	75	59.5	231	787	289	644	2,142
Rocky Mountain— District No. 3	17.1	11	84.6	33	15	27	20	62
District No. 4	72.1	116	73.0	428	324	577	512	1,904
California	85.5	870	87.5	2,325	8,118	25,273	11,657	4,723
Total U. S. B. of M. basis March 10, 1945	85.5	4,777	87.9	14,557	27,001	44,150	*44,586	52,290
Total U. S. B. of M. basis March 3, 1945	85.5	4,753	87.5	14.704	28,110	45,021	†44,774	†52,829
U. S. Bur. of Mines basis March 11, 1944		4,418		12,852	32,685	51,868	35,233	50,036

*Includes aviation, military, solvents and naphthas, and gasoline blending stocks currently indeterminate as toultimate use, and 11,851,000 barrels of unfinished gasoline this week, compared with 11,794,000 barrels last week (new basis) and 12,170,000 barrels a year ago. †On new basis in Louisiana Gulf Coast due to reclassification. Stocks as of March 3 were as follows: Military and other 2,640,000 barrels; civilian grade 2,537,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,666,000 barrels of kerosine, 4,887,000 barrels of gas oil and distillate fuel oil and 9,752 barrels of residual fuel oil produced during the week ended March 10, 1945, which compares with 1,554,000 barrels, 5,026,000 barrels and 8,728,000 barrels, respectively, and 1,649,000 barrels, 4,228,000 barrels and 8,863,000 barrels, respectively, in the week ended March 11, 1944.

Note—Stocks of kerosine at March 10, 1945 amounted to 6,976,000 barrels, as against 7,334,000 barrels a week earlier and 6,935,000 barrels a year before.

Civil Engineering Construction Volume $40,763,000 for Week

Civil engineering construction volume in continental United States totals $40,763,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 38% above the total for the corresponding 1944 week, and 18% above the previous four-week moving average, but is 3% below the total reported to "Engineering News-Record" for the preceding week. The report issued on March 15, continued as follows:

Public construction tops the week last year by 21%, and is 94% higher than last week as a result of the increased volume of Federal work. Private construction is up 143% compared with last year, but is 60% under a week ago.

The current week's construction brings 1945 volume to $319,347,000 for the eleven weeks, a decrease of 18% from the $387,801,000 reported for the 1944 period. Private construction, $103,939,000, is 23% above a year ago, but public construction, $215,408,000, is down 29% as a result of the 33% drop in Federal. State and municipal construction is 10% higher than in the corresponding period a year ago.

Civil engineering construction volumes for the 1944 week, last week, and the current week are:

	Mar. 16, 1944	Mar. 8, 1945	Mar. 15, 1945
Total U. S. Construction	$29,415,000	$41,893,000	$40,763,000
Private Construction	4,304,000	26,270,000	10,457,000
Public Construction	25,111,000	15,623,000	30,306,000
State and Municipal	2,874,000	3,622,000	1,527,000
Federal	22,237,000	12,001,000	28,779,000

In the classified construction groups, gains over last week are reported in sewerage, commercial and public buildings, and unclassified construction. Increases over the 1944 week are in industrial, commercial and public buildings, and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, $394,000; sewerage, $368,000; industrial buildings, $8,242,000; commercial building and large-scale private housing, $1,927,000; public buildings, $26,025,000; earthwork and drainage, $148,000; streets and roads, $732,000; and unclassified construction, $2,927,000.

New capital for construction purposes for the week totals $4,031,000. It is made up of $3,596,000 in State and municipal bond sales, and $440,000 in corporate security issues. The week's new financing brings 1945 volume to $203,448,000, a total 16% higher than the $175,189,000 reported for the eleven-week 1944 period.

Non-Ferrous Metals—Record Copper Shipments In Feb.—Tin and Antimony Controls Tightened

"E. & M. J. Metal and Mineral Markets," in its issue of March 15, states: "Statistics for February released on March 12 bore out the contention of producers that demands for the war metals have definitely moved into new high ground. Copper deliveries increased in February to 172,585 tons, an all-time monthly high. [See "Latest Summary of Copper Statistics," which is given elsewhere in this issue of the "Chronicle."—Ed.] Some 100,000 tons of copper obtained from foreign sources were included in the record total. March requests for copper are even larger than in February. Zinc deliveries in February fell short of the mark set in January, but continued well above the average. The lead situation remains tight. WPB announced more stringent regulations for both tin and antimony. Quicksilver prices last week were steady." The publication further went on to say in part as follows:

Copper

Domestic production of both crude and refined copper declined during February to the lowest point for the war period, owing to the manpower shortages.

WPB amended Order M-9-c prohibiting the use of copper in the manufacture of various types of fasteners, including slide fasteners, door-operating devices, deodorizing dispensers, and other miscellaneous products. The order now provides that products on the prohibited list may not be made from scrap, fired cartridge cases, and certain other copper raw materials. Appeals under the amended order, it was stated, should be filed with the Copper Division.

January production of brass strip, brass rod and tubes, and copper products was 478,000,000 pounds, the highest since November, 1943, WPB reports. Increased cooperation between management and labor was given as the reason for the gain in output.

Mine output of copper in the United States during January totaled 68,880 tons, against 71,437 tons in December and 68,697 tons in November, the Bureau of Mines reports.

Lead

Though demand for lead was fairly active during the last week, producers were not in a mood to push business, owing to the tight supply situation. Sales for the week involved 11,577 tons.

A revised lead order is "in the works," according to Washington advices, and it may be issued for the second-quarter period should stocks continue to decline. Military authorities are strongly opposed to a further reduction in the stockpile and argue that civilian consumption must be reduced to balance demand and supply. A balanced market has not yet been attained.

Zinc

With the metal under allocation, buying for April is expected to show a reduction in volume. Anticipatory buying undoubtedly has been going on since early February, the trade believes.

Mine output of zinc during January was estimated at 54,261 tons, an increase of about 5% over December, the Bureau of Mines reports.

Shipments of slab zinc during February were substantial, amounting to 82,855 tons, all but 205 tons going to domestic consumers, according to the American Zinc Institute. Production was at a slightly higher daily rate than in the preceding month, but the short month resulted in output for February of only 64,723 tons. Stocks were reduced during February by 18,132 tons, to 197,427 tons. The recent high in stocks reported by the Institute was 246,217 tons at the end of November.

The February and January slab zinc statistics, in tons, follow:

	Feb.	Jan.
Stock at beginning	215,559	237,520
Production	64,723	70,492
Production, daily rate	2,312	2,274
Shipments:		
Domestic	82,650	*89,949
Export	205	2,504
Totals	82,855	*92,453
Stock at end	197,427	*215,559
Unfilled orders	28,802	27,546

*Revised.

Production of slab zinc in the first two months of 1945 amounted to 135,215 tons, against 163,959 tons in the January-February period of 1944. The drop in output resulted chiefly from labor shortages at smelters.

Antimony

Increasing war demands, chiefly in oxide for flameproofing, have brought about a tightening in the small-order provisions of M-112. WPB, in amending the regulations, now limits monthly purchases of metal without allocations to 224 pounds, instead of 2,240 pounds as formerly.

Tin

WPB has amended the tin order (M-43) to reduce consumption of the metal in non-essential products to a minimum. The revised order also prohibits the use of tin in solders for repairing automobile bodies, and limits consumption of the metal in coating utensils. Officials state that the reserves have been falling, and imports amount to less than 75% of current requirements.

The quotation continued at 52¢ a pound for Straits quality tin, with forward metal nominally as follows:

	March	April	May
March 8	52.000	52.000	52.000
March 9	52.000	52.000	52.000
March 10	52.000	52.000	52.000
March 12	52.000	52.000	52.000
March 13	52.000	52.000	52.000
March 14	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125¢ per pound.

Quicksilver

Optimism over the outlook for heavy consumption of quicksilver during at least the first half of the current year remains high. Figures circulated privately indicate that increased domestic production and liberal importations will be required to fill the demand. The mercury oxide battery, as for some time past, accounts for most of the improvement in consumption of quicksilver. Authorities claim that actual consumption in recent months has been well in excess of figures released by the Bureau of Mines.

The price situation underwent little change last week. Spot metal remains tight and sellers continued to quote from $163 to $165 per flask. Small "drug-store" lots brought up to $167 per flask. April arrival from the Pacific Coast was offered at $160, and Mexican metal for shipment sold at $158, New York basis, duty paid. Spanish metal was quotably unchanged at $155 to $160 per flask, depending on quantity. It was reported here that quicksilver is being loaded at a Spanish port for shipment to the United States.

Silver

The London silver market was quiet and unchanged at 25½d. The New York Official for foreign silver continued at 44¾¢, with domestic metal at 70⅝¢.

Lumber Movement—Week Ended March 10, 1945

According to the National Lumber Manufacturers Association, lumber shipments of 473 mills reporting to the National Lumber Trade Barometer were 6.9% above production for the week March 10, 1945. In the same week new orders of these mills were 4.5% more than production. Unfilled order files of the reporting mills amounted to 102% of stocks. For reporting softwood mills, unfilled orders are equivalent to 37 days' production at the current rate, and gross stocks are equivalent to 34 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 8.8%; orders by 14.0%.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 29.7% greater; shipments were 29.2% greater; and orders were 23.0% greater.

Revenue Freight Car Loadings During Week Ended March 10, 1945 Increased 18,974 Cars

Loading of revenue freight for the week ended March 10, 1945 totaled 766,290 cars, the Association of American Railroads announced on March 15. This was a decrease below the corresponding week of 1944 of 13,975 cars, or 1.8%, and a decrease below the same week in 1943 of 2,755 cars or 0.4%.

Loading of revenue freight for the week of March 10, decreased 18,974 cars, or 2.4% below the preceding week.

Miscellaneous freight loading totaled 383,658 cars, a decrease of 5,733 cars below the preceding week, but an increase of 10,707 cars above the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 97,652 cars, a decrease of 9,378 cars below the preceding week due to embargo, and a decrease of 6,478 cars below the corresponding week in 1944.

Coal loading amounted to 157,125 cars, a decrease of 5,568 cars below the preceding week, and a decrease of 14,218 cars below the corresponding week in 1944.

Grain and grain products loading totaled 40,644 cars, a decrease of 736 cars below the preceding week and a decrease of 4,862 cars below the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of March 10, totaled 26,952 cars, an increase of 267 cars above the preceding week but a decrease of 3,185 cars below the corresponding week in 1944.

Livestock loading amounted to 13,267 cars, a decrease of 728 cars below the preceding week and a decrease of 980 cars below the corresponding week in 1944. In the Western Districts alone loading of live stock for the week of March 10, totaled 9,953 cars, a decrease of 370 cars below the preceding week, and a decrease of 194 cars below the corresponding week in 1944.

Forest products loading totaled 42,443 cars, an increase of 1,374 cars above the preceding week but a decrease of 1,486 cars below the corresponding week in 1944.

Ore loading amounted to 16,555 cars, an increase of 2,161 cars above the preceding week and an increase of 3,314 cars above the corresponding week in 1944.

Coke loading amounted to 14,946 cars, a decrease of 366 cars below the preceding week, but an increase of 28 cars above the corresponding week in 1944.

All districts reported decreases compared with the corresponding week in 1944 except the Centralwestern and Southwestern. All districts reported decreases compared with 1943 except the Centralwestern and Southwestern.

	1945	1944	1943
4 Weeks of January	3,001,544	3,158,700	2,910,638
4 Weeks of February	3,049,697	3,154,116	3,055,725
Week of March 3	785,264	786,893	748,926
Week of March 10	766,290	780,265	769,045
Total	7,602,795	7,879,974	7,484,334

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended March 10, 1945. During this period 57 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED MARCH 10

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
Eastern District—	1945	1944	1943	1945	1944
Ann Arbor	324	241	252	1,546	1,575
Bangor & Aroostook	2,962	2,705	2,382	523	287
Boston & Maine	6,738	6,931	6,289	16,975	15,821
Chicago, Indianapolis & Louisville	993	1,386	1,329	2,181	2,230
Central Indiana	39	17	47	57	46
Central Vermont	1,105	1,054	856	2,642	2,863
Delaware & Hudson	4,571	4,623	6,137	15,167	14,149
Delaware, Lackawanna & Western	7,302	7,393	7,591	12,232	11,480
Detroit & Mackinac	204	225	207	138	101
Detroit, Toledo & Ironton	1,702	1,806	1,767	1,824	1,639
Detroit & Toledo Shore Line	378	315	303	3,981	3,539
Erie	12,177	13,142	12,982	18,049	18,753
Grand Trunk Western	3,954	3,776	3,233	11,064	9,551
Lehigh & Hudson River	172	183	204	4,365	3,347
Lehigh & New England	1,886	1,818	1,843	1,817	1,579
Lehigh Valley	7,623	8,411	6,955	15,433	16,255
Maine Central	2,577	2,455	2,443	4,907	4,092
Monongahela	6,773	6,087	6,416	334	345
Montour	2,273	2,595	2,478	18	20
New York Central Lines	45,744	46,320	48,174	49,205	56,122
N. Y., N. H. & Hartford	9,860	10,242	9,868	21,713	21,230
New York, Ontario & Western	829	1,118	902	3,396	3,527
New York, Chicago & St. Louis	6,699	6,372	6,359	18,101	17,569
N. Y., Susquehanna & Western	509	475	459	2,577	2,725
Pittsburgh & Lake Erie	7,140	7,837	7,785	8,498	8,265
Pere Marquette	4,985	4,751	4,424	9,071	8,413
Pittsburg & Shawmut	665	761	749	13	8
Pittsburg, Shawmut & North	299	335	352	216	228
Pittsburgh & West Virginia	669	969	801	3,520	2,678
Rutland	318	364	317	1,167	1,185
Wabash	5,672	5,735	5,300	13,679	12,586
Wheeling & Lake Erie	5,612	4,429	4,847	5,157	4,368
Total	152,754	154,871	154,051	249,566	246,576
Allegheny District—					
Akron, Canton & Youngstown	795	737	692	1,411	1,275
Baltimore & Ohio	38,639	41,686	38,970	30,286	29,247
Bessemer & Lake Erie	3,083	2,774	3,233	1,586	1,315
Buffalo Creek & Gauley	†	†	302	†	†
Cambria & Indiana	1,647	1,687	1,961	6	9
Central R. R. of New Jersey	6,377	6,964	6,934	22,953	21,440
Cornwall	503	579	573	62	64
Cumberland & Pennsylvania	174	206	258	8	12
Ligonier Valley	96	121	136	61	30
Long Island	1,405	1,155	916	4,679	3,959
Penn-Reading Seashore Lines	1,849	1,537	1,675	2,545	2,346
Pennsylvania System	73,812	76,239	73,428	62,076	66,041
Reading Co.	14,146	15,267	14,673	31,800	30,288
Union (Pittsburgh)	18,137	20,461	20,283	5,703	3,667
Western Maryland	3,963	4,087	4,010	15,624	13,740
Total	164,632	173,500	168,044	178,800	173,433
Pocahontas District—					
Chesapeake & Ohio	26,092	28,481	30,031	13,137	11,951
Norfolk & Western	20,518	21,613	23,767	8,848	7,506
Virginian	4,406	4,557	4,585	2,377	2,483
Total	51,016	54,651	58,383	24,362	21,940
Southern District—					
Alabama, Tennessee & Northern	407	356	293	343	383
Atl. & W. P.—W. R. R. of Ala	837	912	799	2,594	2,376
Atlanta, Birmingham & Coast	967	711	673	1,697	1,474
Atlantic Coast Line	14,325	13,867	15,337	13,016	10,727
Central of Georgia	3,828	4.133	4,730	5,527	5,204
Charleston & Western Carolina	448	382	439	2.019	1,953
Clinchfield	1,617	1,651	1,781	3,306	3,325
Columbus & Greenville	260	267	306	256	247
Durham & Southern	115	118	144	596	743
Florida East Coast	3,838	3,634	4,027	1,737	2,029
Gainesville Midland	37	52	46	142	159
Georgia	1,155	1,340	1,414	2,660	2,762
Georgia & Florida	437	367	357	967	720
Gulf, Mobile & Ohio	4,777	4,097	3,588	4,138	4,327
Illinois Central System	27,412	28,490	26,486	18,337	18,195
Louisville & Nashville	22,317	24,831	25,039	10,605	12,487
Macon, Dublin & Savannah	203	202	193	900	927
Mississippi Central	321	296	247	525	743
Nashville, Chattanooga & St. L.	3,354	3,362	3,000	5,083	4,696
Norfolk Southern	1,060	886	1,166	1,676	1,686
Piedmont Northern	363	416	349	1,416	1,283
Richmond, Fred. & Potomac	586	415	360	11,696	11,508
Seaboard Air Line	10,793	10,818	10,539	9,675	9,196
Southern System	23,169	23,297	22,473	26,336	25,606
Tennessee Central	574	627	437	1,192	986
Winston-Salem Southbound	102	144	127	1,367	1,067
Total	123,302	125,671	124,350	127,806	124,809
Northwestern District—					
Chicago & North Western	14,544	14,350	13,908	13,956	14,378
Chicago Great Western	2,278	2,152	2,420	3,649	3,433
Chicago, Milw., St. P. & Pac.	20,214	19,701	19,778	10,914	10,260
Chicago, St. Paul, Minn. & Omaha	3,357	3,425	3,306	4,138	3,963
Duluth, Missabe & Iron Range	1,335	1,101	1,306	260	255
Duluth, South Shore & Atlantic	732	738	601	631	565
Elgin, Joliet & Eastern	8,668	8,388	8,660	12,161	13,187
Ft. Dodge, Des Moines & South	317	251	372	91	69
Great Northern	10,322	11,259	11,406	6,160	5,468
Green Bay & Western	456	476	480	960	980
Lake Superior & Ishpeming	286	275	207	82	61
Minneapolis & St. Louis	1,975	2,098	2,110	2,710	2,173
Minn., St. Paul & S. S. M.	4,223	5,131	4,525	3,501	3,370
Northern Pacific	8,585	9,493	9,685	5,749	5,307
Spokane International	247	71	93	570	594
Spokane, Portland & Seattle	2,462	2,353	2,031	3,477	2,831
Total	80,001	81,262	80,888	69,009	66,894
Central Western District—					
Atch., Top. & Santa Fe System	23,511	21,271	20,420	14,497	11,594
Alton	3,550	2,908	2,818	7,081	4,234
Bingham & Garfield	399	384	506	81	114
Chicago, Burlington & Quincy	19,168	18,157	18,420	12,229	12,268
Chicago & Illinois Midland	3,066	2,870	3,104	831	675
Chicago, Rock Island & Pacific	11,621	11,610	11,728	13,600	13,239
Chicago & Eastern Illinois	2,631	2,673	2,339	4,868	6,140
Colorado & Southern	819	761	817	2,071	2,107
Denver & Rio Grande Western	3,276	3,403	3,375	6,589	6,609
Denver & Salt Lake	706	746	824	11	5
Fort Worth & Denver City	982	819	999	1,386	1,505
Illinois Terminal	2,147	2,199	1,527	2,228	2,033
Missouri-Illinois	877	964	873	575	588
Nevada Northern	1,345	1,861	2,091	131	131
North Western Pacific	*738	754	888	*712	865
Peoria & Pekin Union	20	16	10	* 0	0
Southern Pacific (Pacific)	28,319	30,087	26,501	15,568	14,820
Toledo, Peoria & Western	246	402	333	2,238	2,240
Union Pacific System	16,780	15,657	14,245	16,354	15,717
Utah	561	660	599	1	12
Western Pacific	1,803	1,741	2,088	4,711	4,089
Total	122,565	119,946	114,505	105,762	98,985
Southwestern District—					
Burlington-Rock Island	322	453	729	311	271
Gulf Coast Lines	7,148	7,443	5,733	2,949	2,798
International-Great Northern	2,748	1,926	1,932	4,487	4,144
Kansas, Oklahoma & Gulf	263	216	306	1,185	1,206
Kansas City Southern	5,239	5,483	4,314	2,936	2,844
Louisiana & Arkansas	3,320	2,913	3,301	2,704	2,889
Litchfield & Madison	339	313	367	1,342	1,224
Midland Valley	541	669	705	437	501
Missouri & Arkansas	119	178	146	387	472
Missouri-Kansas-Texas Lines	7,077	5,758	6,019	5,459	4,679
Missouri Pacific	15,928	15,628	15,519	20,273	20,713
Quanah Acme & Pacific	90	137	333	393	282
St. Louis-San Francisco	9,117	8,220	8,255	9,268	9,453
St. Louis Southwestern	3,509	2,885	2,838	7,539	6,647
Texas & New Orleans	10,972	12,744	14,043	5,826	5,635
Texas & Pacific	5,168	5,285	4,162	8,862	8,087
Wichita Falls & Southern	82	91	98	22	53
Weatherford M. W. & N. W.	38	22	24	26	19
Total	72,020	70,364	68,824	74,406	71,917

*Previous week's figure. †Included in Baltimore & Ohio RR.

Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
1944—Week Ended				Current	Cumulative
December 2	189,731	154,682	484,811	94	94
December 9	173,669	154,822	501,946	95	94
December 16	137,936	152,695	480,929	94	94
December 23	126,115	149,031	451,891	94	94
December 30	109,895	88,105	471,289	57	93
Period 1945—Week Ended					
January 6	189,769	125,882	532,194	80	80
January 13	149,921	150,011	524,308	95	87
January 20	131,901	150,876	503,240	94	89
January 27	159,885	152,075	510,931	95	91
February 3	204,550	148,139	565,064	92	91
February 10	149,590	151,307	560,960	93	92
February 17	145,541	149,816	553,609	93	92
February 24	131,989	152,755	529,238	97	93
March 3	181,377	150,486	558,285	96	93
March 10	177,711	152,611	580,804	94	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Federal Opportunities In Administration And Personnel Management

The Civil Service Commission announced on March 9 opportunities in the fields of administration and personnel management for persons experienced in the management of public or private organizations. Most positions to be filled from the examinations are in Washington, D. C., with only a few in other parts of the country and abroad. The Commission's announcement says:

"Administrative and Executive Officers ($5,228 to $8,628 a year) are wanted to assist in the direction of various Government activities, including the disposal of surplus property and the renegotiation of contracts. Only those applicants with responsible administrative experience will be considered for these positions.

"Position Classifiers, Placement Officers, and Personnel Assistants ($3,163 to $6,228 a year) are needed for jobs in the personnel management programs of Federal agencies. Applicants must have had three years of responsible experience, or a combination of experience and college training, to qualify for the $3,163 positions. More experience is required for the higher grades.

"Most vacancies to be filled in both fields are in the lower-salaried positions. No written test is required and there are no age limits. Persons now using their highest skills in war work should not apply. Federal appointments are made in accordance with War Manpower Commission policies and employment stabilization programs.

"Ask at any first- or second-class postoffice for copies of announcements 353 and 354, and application Form 57. The announcements and application forms can also be obtained at the Commission's regional or branch offices or from the Commission in Washington. Applications must be filed with the United States Civil Service Commission, Washington 25, D. C.

Feb. Cotton Consumption

The Census Bureau at Washington on March 15 issued its report showing cotton consumed in the United States, cotton on hand and active cotton spindles in the month of February.

In the month of February, 1945, cotton consumed amounted to 781,559 bales of lint and 118,30 bales of linters, as compared with 849,945 bales of lint and 128,7 bales of linters in January and 811,062 bales of lint and 107,26 bales of linters in February, 1944.

In the seven months ending Feb. 28, cotton consumption was 5,658,740 bales of lint and 863,106 bales of linters, compared with 5,902,178 bales of lint, and 759,43 bales of linters in the corresponding period a year ago.

There were 2,278,052 bales of lint and 317,976 bales of linters on hand in consuming establishments on Feb. 28, 1945, which compares with 2,291,251 bales of lint and 289,596 bales of linters on Jan. 31, 1945, and 2,350,819 bales of lint and 460,806 bales of linters on Feb. 28, 1944.

On hand in public storage and at compresses on Feb. 28, 1945, there were 12,400,392 bales of lint and 33,014 bales of linters, which compares with 12,991,042 bales of lint and 27,259 bales of linters on Jan. 31 and 11,521,058 bales of lint and 87,147 bales of linters on Feb. 28, 1944.

There were 22,223,848 cotton spindles active during February, 1945, which compares with 22,513,390 cotton spindles active during January, 1945, and with 22,513,390 active cotton spindles during February, 1944.

Items About Banks, Trust Companies

Arthur S. Kleeman, President of the Colonial Trust Company of New York, announced on March 14 that the board of directors voted to transfer $90,000 from undivided profits to surplus account, effective March 15. This will increase the bank's surplus to $600,000, and the total capital and surplus to $1,600,000.

The New York State Banking Department announced on March 6 the filing of a certified copy of an Order, granted at a Special Term Part I, of the Supreme Court of the State of New York, held in and for the County of New York, at the Court House thereof, Borough of Manhattan, City and State of New York, on March 2, declaring the Colonial Safe Deposit Company dissolved and its corporate existence terminated.

Harry M. Huter, formerly with the Bank for Savings, in charge of appraisals, has become Assistant Vice-President of the Bay Ridge Savings Bank of Brooklyn in charge of mortgage loans, according to the Brooklyn "Daily Eagle" of March 18, which states that he was formerly President of the New York Chapter of the Society of Residential Appraisers.

Henry V. Raymond, President of the City Savings Bank of Brooklyn for more than 16 years, died on March 16 at the age of 79 years. After a brief period in the real estate business he entered the employ of the City Savings Bank and was elected Secretary in 1897. He was also a trustee of the bank and a former director of the Guaranteed Title and Mortgage Company. Mr. Raymond was a former member of the New York Chamber of Commerce and was identified with other organizations.

The Board of Directors of the County Trust Company of White Plains, N. Y., at its meeting on March 14 declared a dividend of 25 cents per share for the quarter ending March 31 on its new $10 par value stocks, it was announced by Andrew Wilson, Jr., President. "At this rate," he said, "the new stock will be on an annual dividend basis of $1 per share."

The filing of an organization certificate by the Industrial Bank of Port Chester of Port Chester, N. Y., capital, $70,000, and surplus, $20,000, was announced by the State Banking Department on March 6. The incorporators are Abraham H. Kavovitz, Lillia Kavovitz, Milton K. Kavey, Edith Rosenbloom and Marjorie Kavey.

John J. Seeley, Chairman of the Fairfield County, Conn., Democratic Organization and Treasurer of the Putnam Trust Company of Greenwich, Conn., died on March 8. He was 55 years of age.

Associated Press advices from Greenwich in the Hartford "Courant" said:

"Before entering the banking business he was in charge of the local office of the Adams Express Company. He became associated with the Greenwich National Bank in 1917 and when that bank was consolidated with the Putnam Trust Company in 1923, Mr. Seeley moved into the new organization. He was named Treasurer in 1942.

The Land Title Bank & Trust Company of Philadelphia has taken over the title business of the Germantown Trust Company, a joint statement announced on March 15, it is learned from the Philadelphia "Evening Bulletin," which further reported:

The Germantown Trust has retired from the title insurance field after 55 years in the business, because of a shortage of trained personnel. A new title branch office has been opened by the Land Title Bank in the Germantown Trust Building "so that there will be no interruption of title service to real estate men and property owners in the Germantown area," the announcement stated.

President E. S. Patterson of The First-Central Trust Co., Akron, Ohio, announces the election of five new directors, increasing the board from 10 to 15 members. The new directors are: Robert Guinther of the law firm of Slabaugh, Seiberling, Guinther & Pflueger, and Past President of the Ohio State Bar Association; George Nobil, President of The Nobil Shoe Co., and Akron Merchants Association; Dudley W. Maxon of the law firm of Wise, Roetzel & Maxon, and President of the Union Building Co.; John A. Thorpe Jr., Manager of the Thorpe Construction Co., and Past President of the Builders Exchange, and C. Blake McDowell of the law firm of Brouse, McDowell, May & Bierce, and Secretary and director of the Chicago "Daily News."

The Chicago "Tribune" of March 16 reported that stock of the Western National Bank of Cicero (Cook County) has been purchased from the Reconstruction Finance Corporation, owner for 11 years, by a group of Cicero and Berwyn business men, Richard R. Novotny, Chairman, and Henry Barton, President, who headed the group, announced on March 15. The item also said:

"Frank J. Vales is Vice-President; Arthur J. Kase, Cashier; Charles G. Zajic, Assistant Cashier, and Joseph Boucek, Trust Officer. Directors include Messrs. Novotny, Barton, Vales, Thomas Jansky, Joseph F. Mrizek, Frank T. Sedlacek and Joseph V. Van Cura."

Lyman E. Wakefield, President of the First National Bank of Minneapolis, announced on March 13 the election of Dayton Rogers and Keith K. Keller as directors of the Bloomington-Lake National Bank, affiliate of the First National. Mr. Rogers is President of the Dayton Rogers Manufacturing Co., and Mr. Keller is President and owner of the Keller Drug Co., said the Minneapolis "Journal," which likewise stated:

"Mr. Keller is a director of Northwestern Drug Co. and for 10 years served as Chairman of the merchandising committee of the National Association of Retail Druggists. He is Chairman of the merchandising committees of the Minnesota State Pharmaceutical Association and the Twin City Retail Druggists Association.

At their meeting on March 13 the directors of The Boatmen's National Bank of St. Louis called a special meeting of the stockholders to be held on May 1 to consider a proposal that the bank issue a 20% stock dividend to holders of record as of that date. Stockholders of record as of April 20, 1945, will be eligible to vote at the meeting. In announcing this action Tom K. Smith, President of the bank, called attention to the allocation of net profits and comparative figures on capital funds and deposits for the period from Dec. 31, 1934, through March 13, 1945, viz:

Net operating profits		$4,055,172
Excess of recoveries over charge-offs		847,225
		$4,902,397
Less:		
Dividends paid on common stock	*$1,288,750	
Dividends paid on preferred stock (retired in '36)	41,601	
Retirement plan, paid for past services	232,341	1,562,692
Net addition to capital funds		$3,339,704

	Mar. 13, '45	Dec. 31, '34	Increase
Capital, common	$2,500,000	$2,000,000	$500,000
Surplus	2,500,000	500,000	2,000,000
Undivided profits	887,131	529,202	357,929
Reserve for conting.	608,809	127,033	481,775
	$6,495,940	$3,156,235	$3,339,704

*Including dividend payable April 1, 1945.

It is announced that the deposits during the same time have increased approximately $100,000,000 from $38,331,587 at Dec. 31, 1934, to $138,025,823 at the close of business March 13, 1945. During the same period the bank has charged off all of its improvements, including safe deposit vaults, fixtures, and air-conditioning system, a total of $309,664. The board also declared the regular dividend of 40 cents a share payable April 1 to stockholders of record as of March 21. It is contemplated that the present dividend rate will be continued on the increased amount of stock, if authorized.

A. T. Wheeler Jr. has been elected an Assistant Vice-President of Union National Bank of Kansas City, Mo., it was announced March 13 by George R. Hicks, President. The Kansas City "Star" states that Mr. Wheeler formerly was Cashier of the Southwest National Bank of Wichita.

R. Clyde Williams, formerly Executive Vice-President, was elected President of the First National Bank of Atlanta, Ga., on March 13, following the resignation, on advice of his physicians, of James D. Robinson, who has been President of the institution since January, 1938. The Atlanta "Constitution," reporting this, said, in part:

"This announcement, made yesterday by the board of directors of the bank, of which John K. Ottley is Chairman, paid high tribute to Mr. Robinson's seven-year term of leadership and said that he would continue to serve on the board, of which he has been a member for many years.

"For many years Mr. Robinson was a director of the old Fourth National Bank, and was made First Vice-President of that institution before its consolidation with the Atlanta-Lowry National Bank into the present institution, the First National. At the time of the merger he was made Executive Vice-President, which post he held until his elevation to the Presidency.

"Mr. Williams entered the banking business at the age of 15 in Evergreen, Ala. In 1915 he became a bookkeeper at the New Farley National Bank of Montgomery, and in 1917 he was appointed Assistant National Bank Examiner for the Sixth Federal Reserve Bank District, a position which brought him to Atlanta. During the first World War he enlisted in the air service and was a cadet flyer when the Armistice was signed. After the war he again became a National Bank Examiner, with headquarters in Chicago, and subsequently was associated with the War Finance Corporation.

"He started as Credit Manager of the Fourth National Bank in 1925, was made a Vice-President in 1926 and Executive Vice-President in 1938."

On the day of the election of Mr. Williams as President the directors elected Mr. Robinson as Vice-Chairman of the board.

The directors of the Liberty State Bank voted on March 14 to raise the capital stock and surplus of the institution from $1,000,000 to $1,500,000, DeWitt T. Ray, President, announced. It was the bank's second increase within a little more than a year, said the Dallas "Times-Herald" of March 27, which also stated:

"The stockholders will meet to ratify the directors' action on March 27. The proposal submitted by a unanimous vote of the directors would increase capital stock of the bank from $500,000 to $750,000. The surplus would be increased by the same amount, bringing the total to $1,500,000.

"Present outstanding shares of common stock with the par value of $20 total 25,000. The proposal contemplates the issuance of 12,500 additional shares to be offered ratably to present stockholders at $40 per share. This measure would raise $500,000, of which $250,000 would be allocated to new capital stock and $250,000 to surplus."

The Security State Bank of Coulee City, Wash., a State member of the Federal Reserve System, has been absorbed by The National Bank of Commerce of Seattle, Seattle, Wash., according to the Board of Governors of the Reserve System. In connection with the absorption, effective Feb. 26, the National bank established a branch at Coulee City.

Bank of Montreal announces the appointment of A. J. L. Haskell and J. S. Bolton as Assistant General Managers, according to Canadian Press advices from Montreal, March 13, in the Toronto "Globe and Mail," from which we also quote:

"Mr. Haskell has been the bank's first agent at New York and Mr. Bolton has been in charge of the securities department in Montreal. To succeed Mr. Haskell, G. R. Ball, second agent in New York, has been promoted to be first agent."

William McNab Ramsay, New York agent for the Merchants Bank of Canada for 39 years, died at his home in Montclair, N. J., on March 15. He retired from the bank 14 years ago, said Montclair advices to the New York "Times," which also stated:

"Born in Perth, Scotland, 86 years ago, Mr. Ramsay came to this country 40 years ago. Before serving as New York agent, he was employed by the bank in Montreal. He was a former director of the Franklin Trust Co. and the Haitian Sugar Corp. of New York."

Bretton Woods Plan Would Prevent British Blocking Balances Says Dr. White

In testifying on March 14 before the House Banking and Currency Committee on the Bretton Woods Monetary plans, Dr. Harry D. White, Assistant Secretary of the Treasury defined the position of the sterling area under the arrangements contemplated by the monetary agreements. In indicating this from its Washington bureau, the New York "Journal of Commerce" stated that Dr. White declared that British wartime arrangement for pooling and allocating dollar balances of Empire countries will have to be discontinued if the Bretton Woods agreements are ratified. The same advices said:

While he stated there was nothing in the monetary plans to forbid the continuance of the sterling area as a mechanism through which Empire countries voluntarily carry large balances with the British, compulsion or the blocking of the balances would be forbidden.

The wartime dollar pool, he said, would also be "out after the war."

His discussion on the sterling area followed clarification of the Government's position in requesting limited repeal of the Johnson Act as part of the Bretton Woods legislation. In that legislation, the Government asked that the repeal be made effective with respect to countries having membership in the Monetary Fund and Bank only.

This limitation, according to today's explanation, was intended to add a "further pressure" to keep countries which joined the international institutions from withdrawing later. More importantly, it was felt that a country joining the Fund and the Bank would be a better risk for long-term loans. In fact, for instance, that it agreed to the so-called "rules of the game" in currency stabilization would insure that interest and service charges could be maintained.

Although the Treasury spokesmen at the hearing said these factors were favorable to the limitation, they added that no objection would be raised to outright repeal of the Johnson Act, if this is what Congress wants. President Roosevelt, it was recalled, advocated Johnson Act repeal in a recent message to Congress.

Defending the proposal to meet the U. S. subscription to the monetary institutions partly through public debt transactions, Dr. White said the ordinary method of Congressional appropriation had not been chosen because the subscriptions were in the nature of an investment rather than expenditures involving outright payments.

He also stated that the Bank would want to sell debentures in the market or guarantee debentures sold in the market, and its ability to do so might be impaired if any question arose as to whether the money would be raised in the event of default.

Failure to repeal the Johnson Act, at least partially, would give the International Bank a preferential status over private lenders, it was pointed out during the discussion on this subject. A country would be unable to float a loan in the United States and would, therefore, be forced to go to the International Bank.

At the March 14 hearing before the Committee Treasury spokesman raised a question as to why Robert Boothby, a member of the British Parliament and leading British opponent of the Bretton Woods proposals, should have come to this country at a time when Congress has the Bretton Woods legislation under consideration. This is learned from special Washington advices to the New York "Times," from which we also quote in part, as follows:

Asked by Representative Fred L. Crawford, Republican, of Michigan, about Mr. Boothby's statement in a letter published by the New York "Times" on March 4, that "nothing could be more deleterious to the future of Anglo-American relations than that the two countries should sign an agreement, each thinking that it means something quite different," Dr. Harry D. White, Assistant Secretary of the Treasury, replied that there might well be some provisions of the Bretton Woods agreement on which there might be some disagreement.

"So were some of the provisions of the Constitution doubtful and had to be interpreted, but that didn't make it a bad document," Dr. White declared. "But there are no differences of opinion between the British and ourselves on the points mentioned by Mr. Boothby. He was not a delegate to Bretton Woods. He may well be confused, but that is a different thing from saying that there are differences of opinion on these questions between the officials of the British and United States Governments who helped to draft the document and understand what it means."